



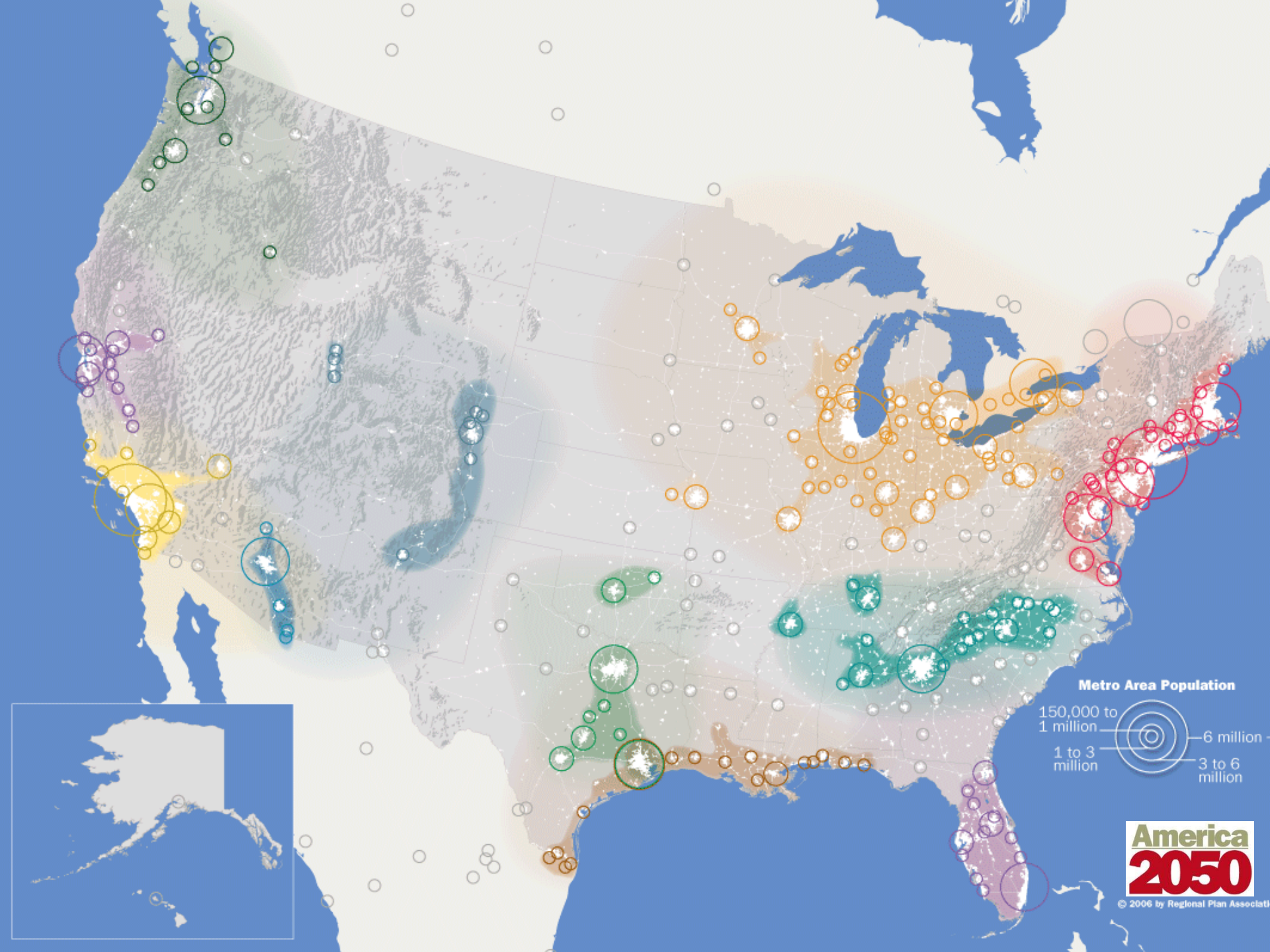
MASTER PLAN FOR WESTERN ANNEXED LAND

City of Huntsville-
Limestone County,
Alabama

S A S A K I

RCLCO





Metro Area Population



**America
2050**

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AGENDA

CONTEXT

SITE ANALYSIS


INFRASTRUCTURE & MOBILITY

MARKET & PROGRAM

MASTER PLAN

PROPOSED ZONING

COMMUNITY IMPACTS



**“Establish Huntsville/Madison County as a
stronger and more visible
community in the national competition
for economic growth. The initiatives
overarching vision is for our community to
become a primary center for
technology in the South and in
the nation.”**

- Huntsville Regional Economic Growth
Initiative, Chamber of Commerce

Chamber of Commerce 8 Initiatives...

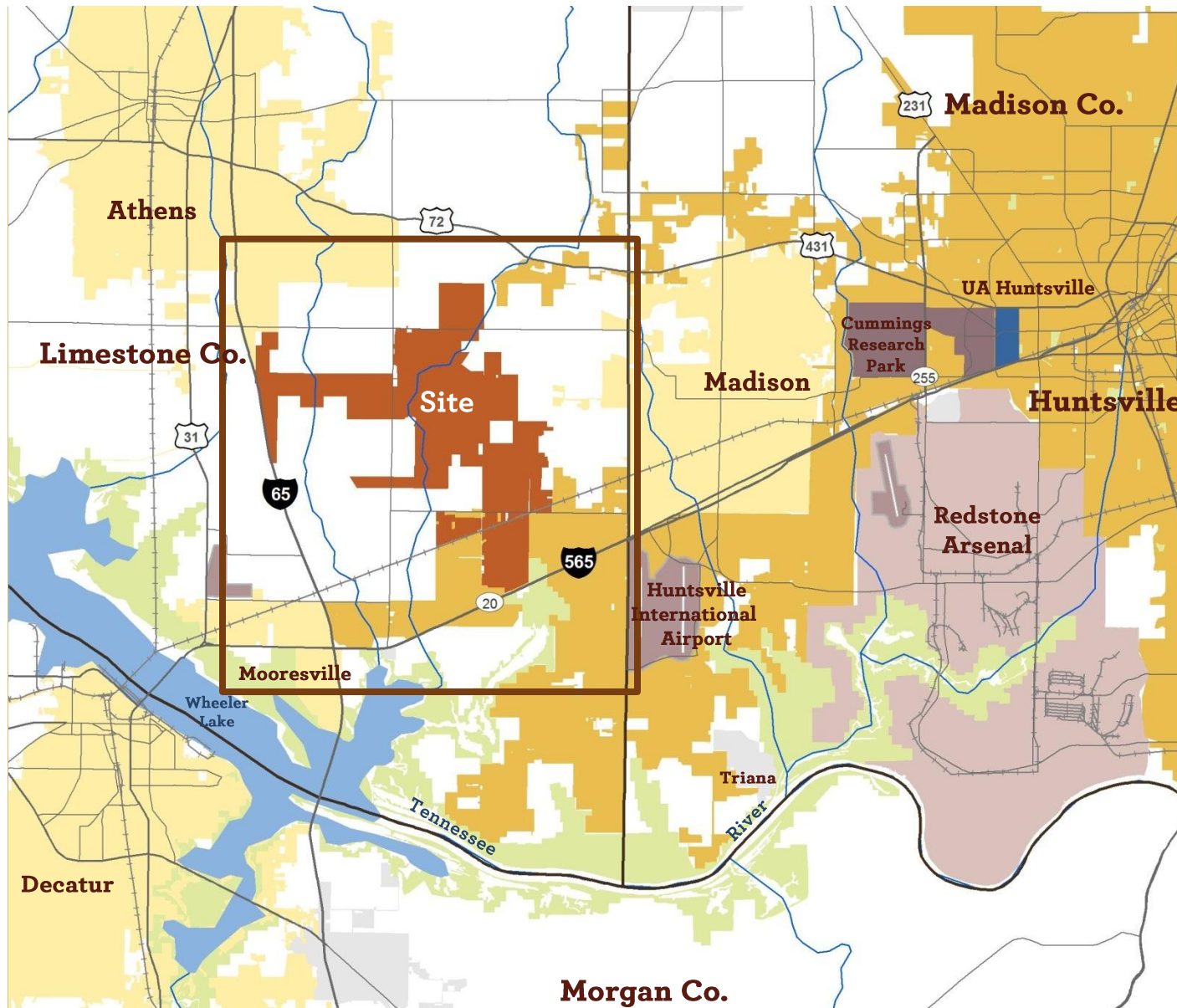
1. Grow and preserve the Huntsville region's existing economic base, business climate, and business culture
2. Recruit targeted businesses and work to diversify our economic base
3. Support efforts to ensure there is adequate quality and quantity of workforce to meet employer needs
4. Enhance the community's image
5. Be accountable to our investors
6. Develop the community's capacity for new and sustained economic growth
7. Grow the community's defense, space and life sciences industries and assets
8. Identify issues that may limit our economic development and coordinate with community organizations to eliminate those issues

- Chamber of Commerce of Huntsville/Madison County

City of Huntsville Outlook...

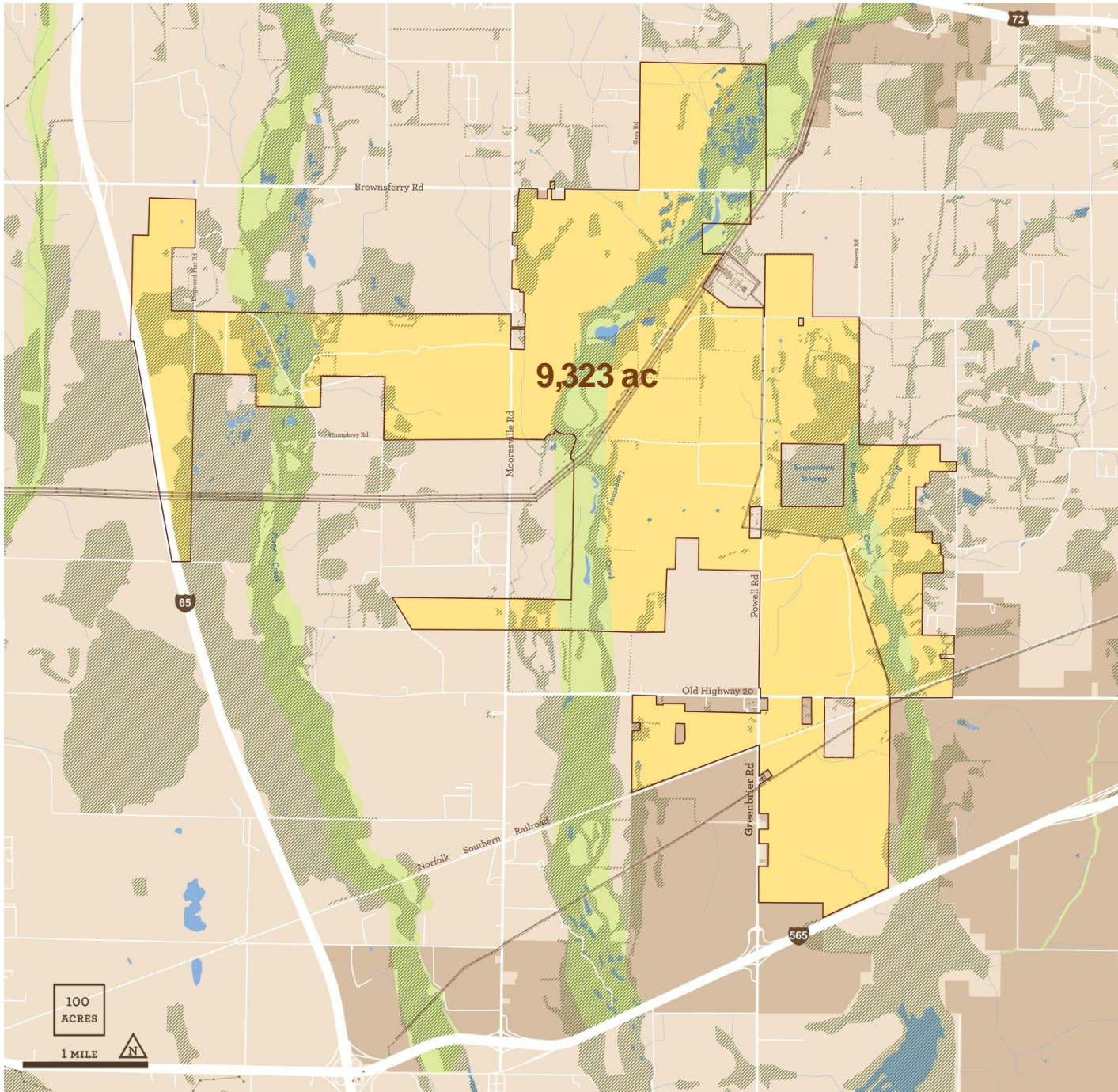
- Huntsville is poised for growth and long-term outlook is strong
- Projected population growth of over 177,000 residents in the metropolitan area over the next 25 years
- Most significant employment growth projected in Professional & Business Services (engineering, computer science, R&D, etc)
- The Annexed Property is located in the path of growth
- Remaining R&D and Industrial Park land that can be utilized by the City of Huntsville for economic development purposes is limited
- The Option Tract presents an opportunity to secure a large scale property that provides a platform for future economic development

- RCLCO Market Analysis



CONTEXT

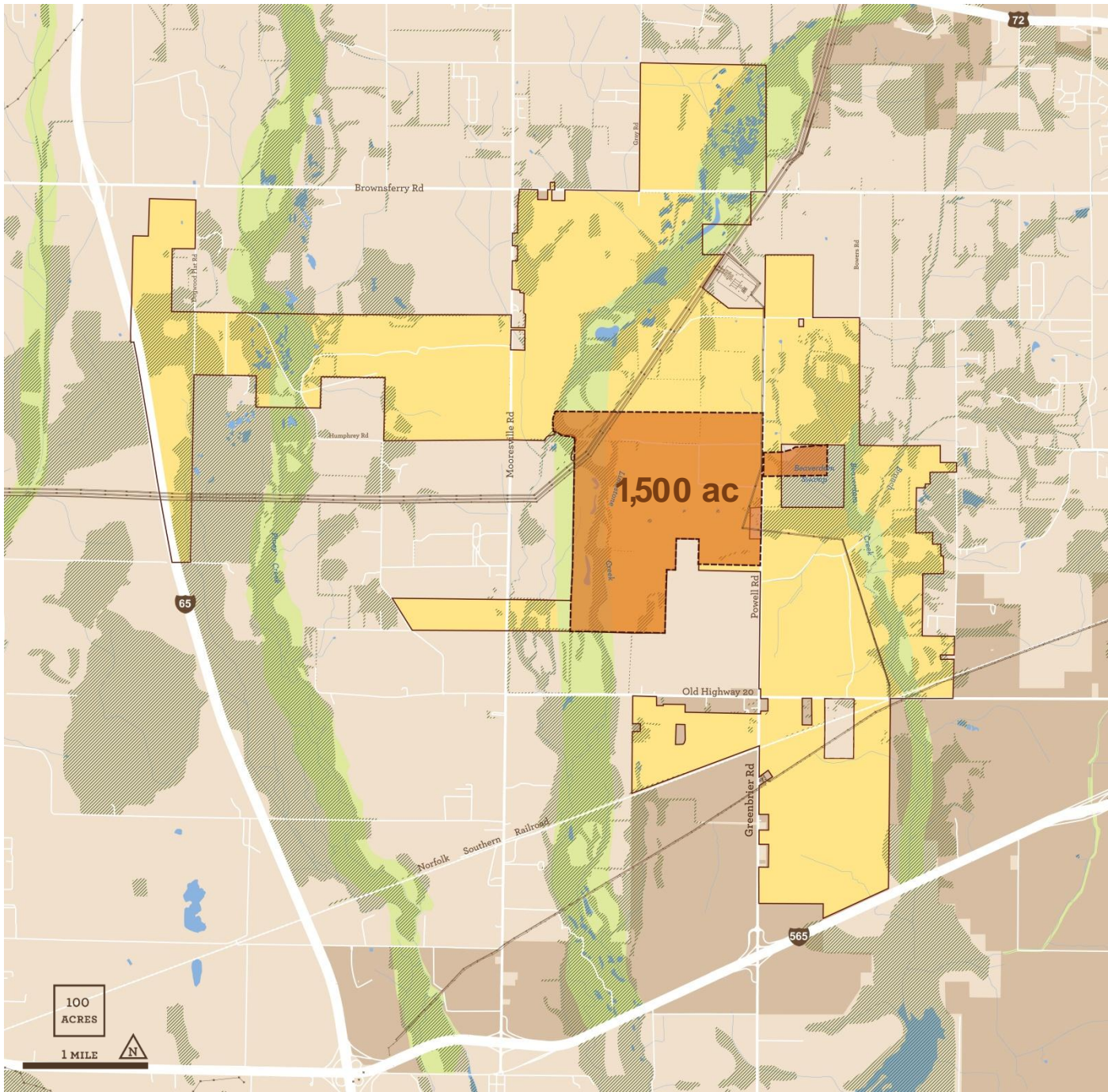
The site is strategically located between Athens, Decatur & Huntsville



STUDY AREA

Total Study Area:
9,323 ac

- STUDY AREA
- OPTION TRACT
- CITY OF HUNTSVILLE
- EXISTING TREE COVER & WETLANDS

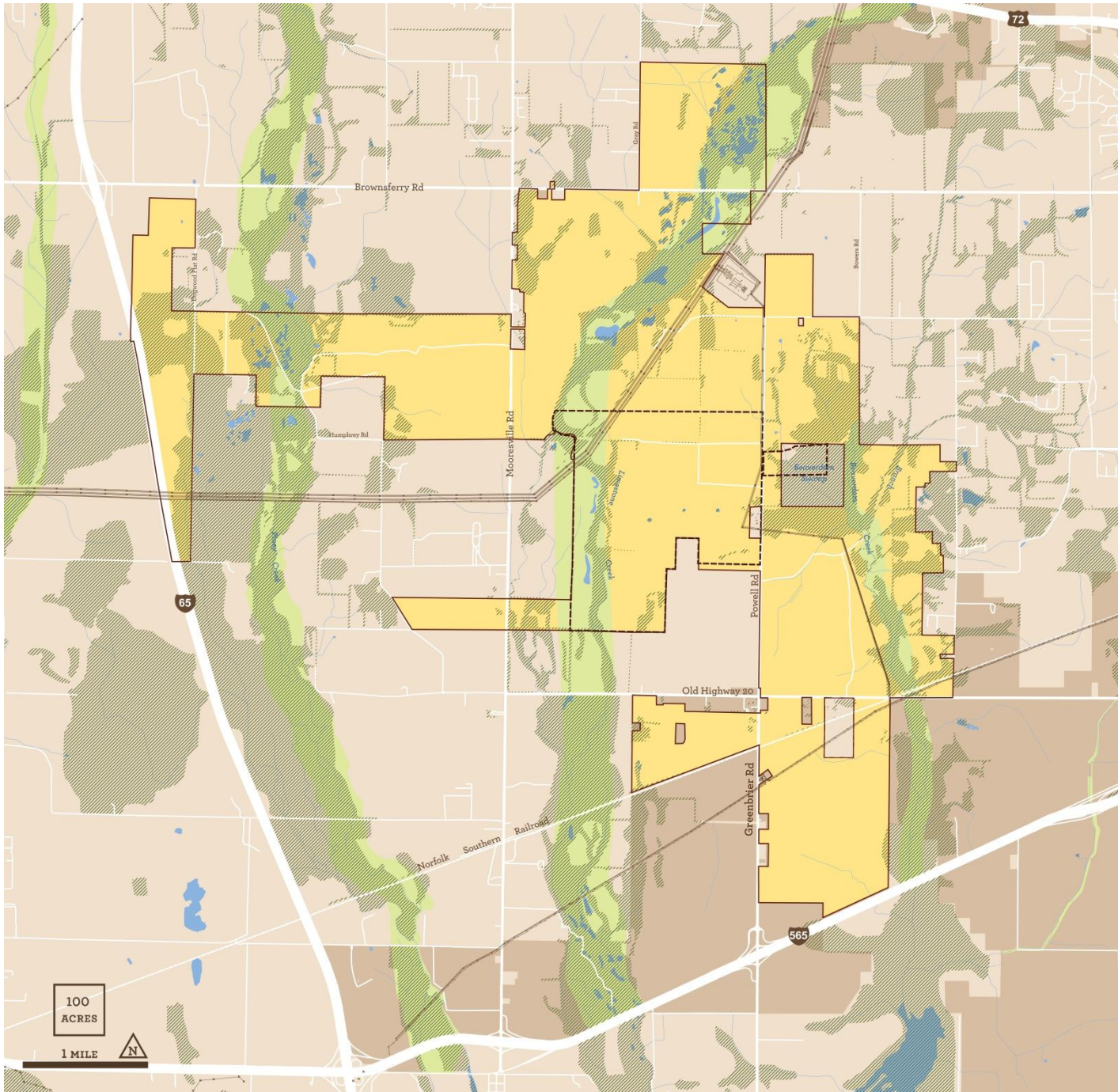


OPTION TRACT

Total Study Area:
9,323 ac

Option Tract:
1,500 ac

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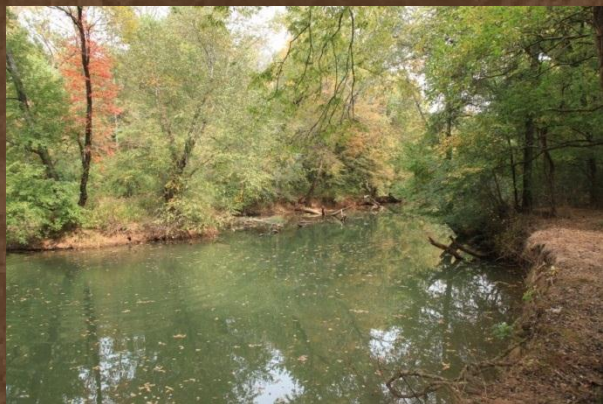


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9,323 ac

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SITE ANALYSIS

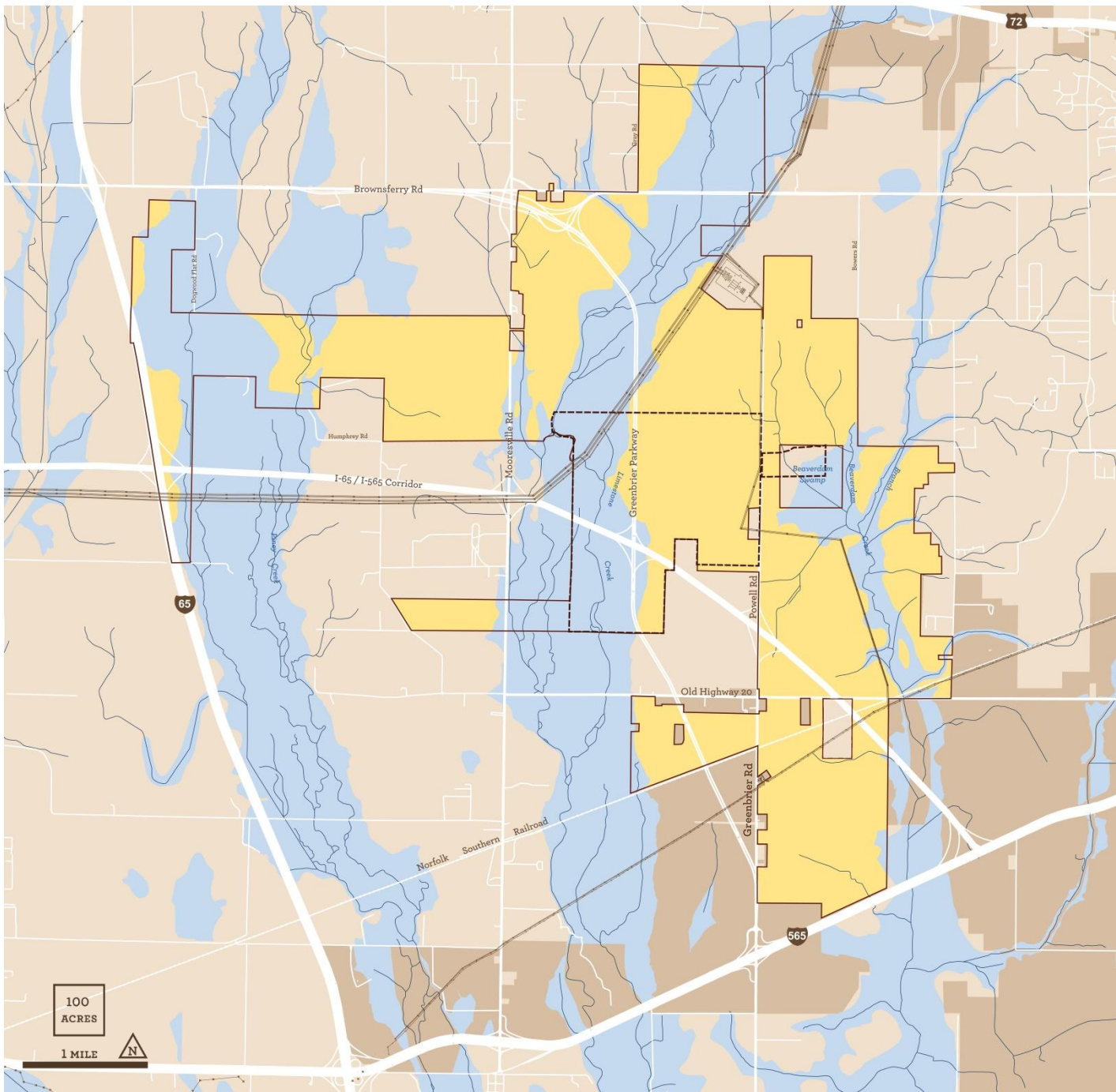
INFRASTRUCTURE & MOBILITY

MARKET & PROGRAM

MASTER PLAN

PROPOSED ZONING

COMMUNITY IMPACTS



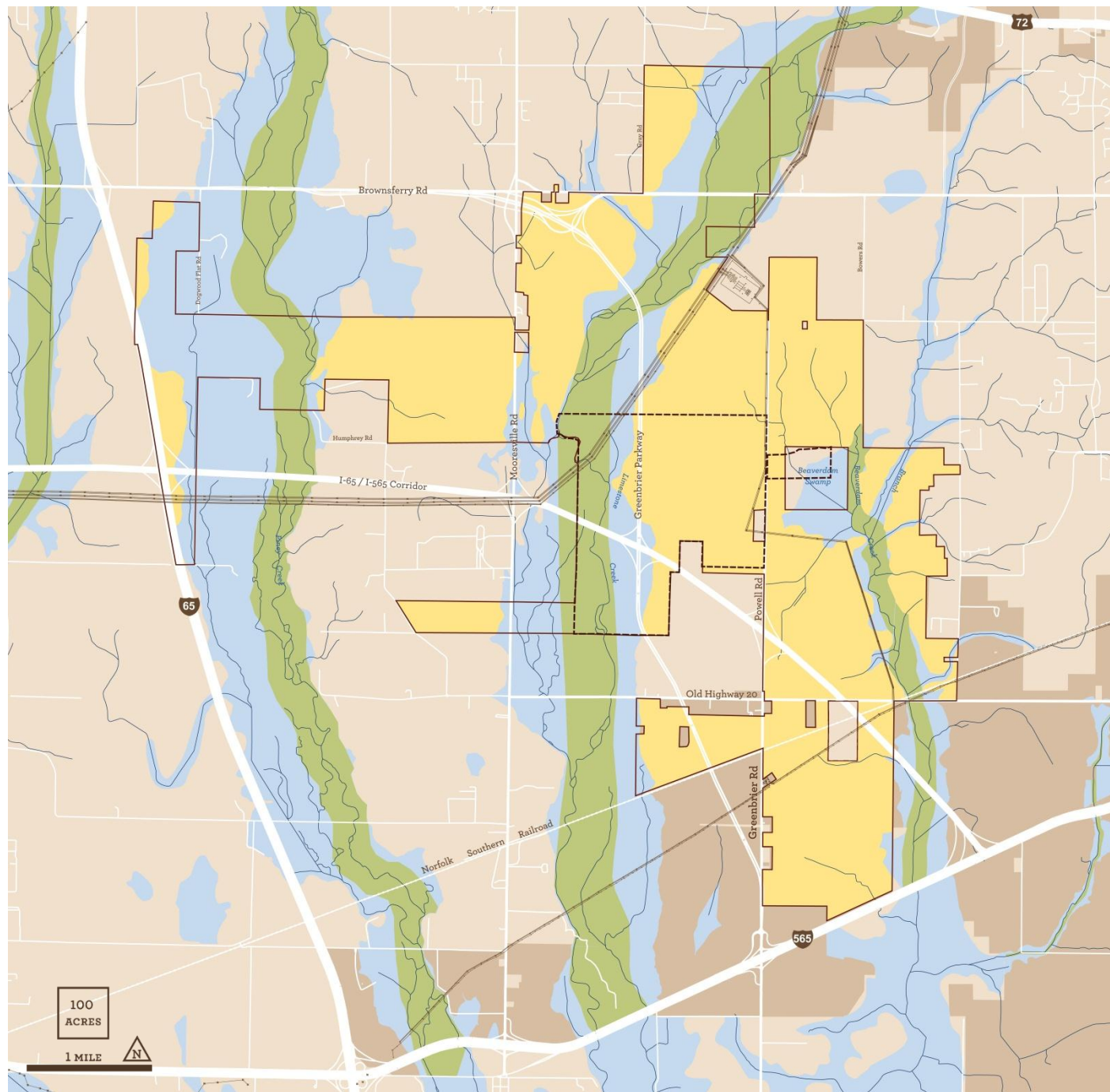
SITE ANALYSIS

Floodway Fringe Area / Zone A Flood Zone

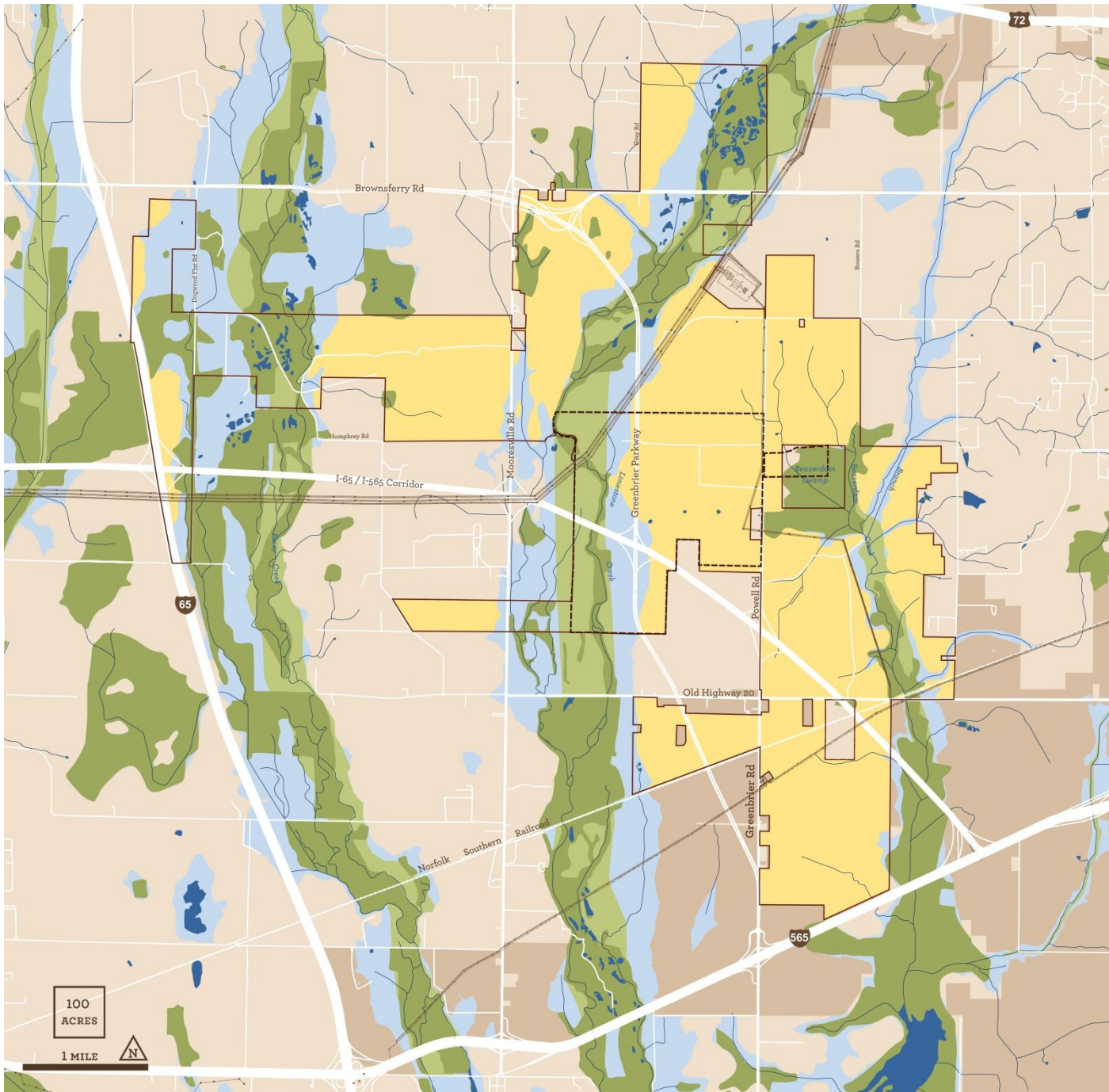
- STUDY AREA
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- EXISTING TREE COVER
- FLOODWAY AREA ESTIMATE
- WETLANDS
- FLOODWAY FRINGE
- WATERBODIES
- STREAMS

SITE ANALYSIS

Floodway Area Estimate



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- WETLANDS
- FLOODWAY FRINGE
- WATERBODIES
- STREAMS

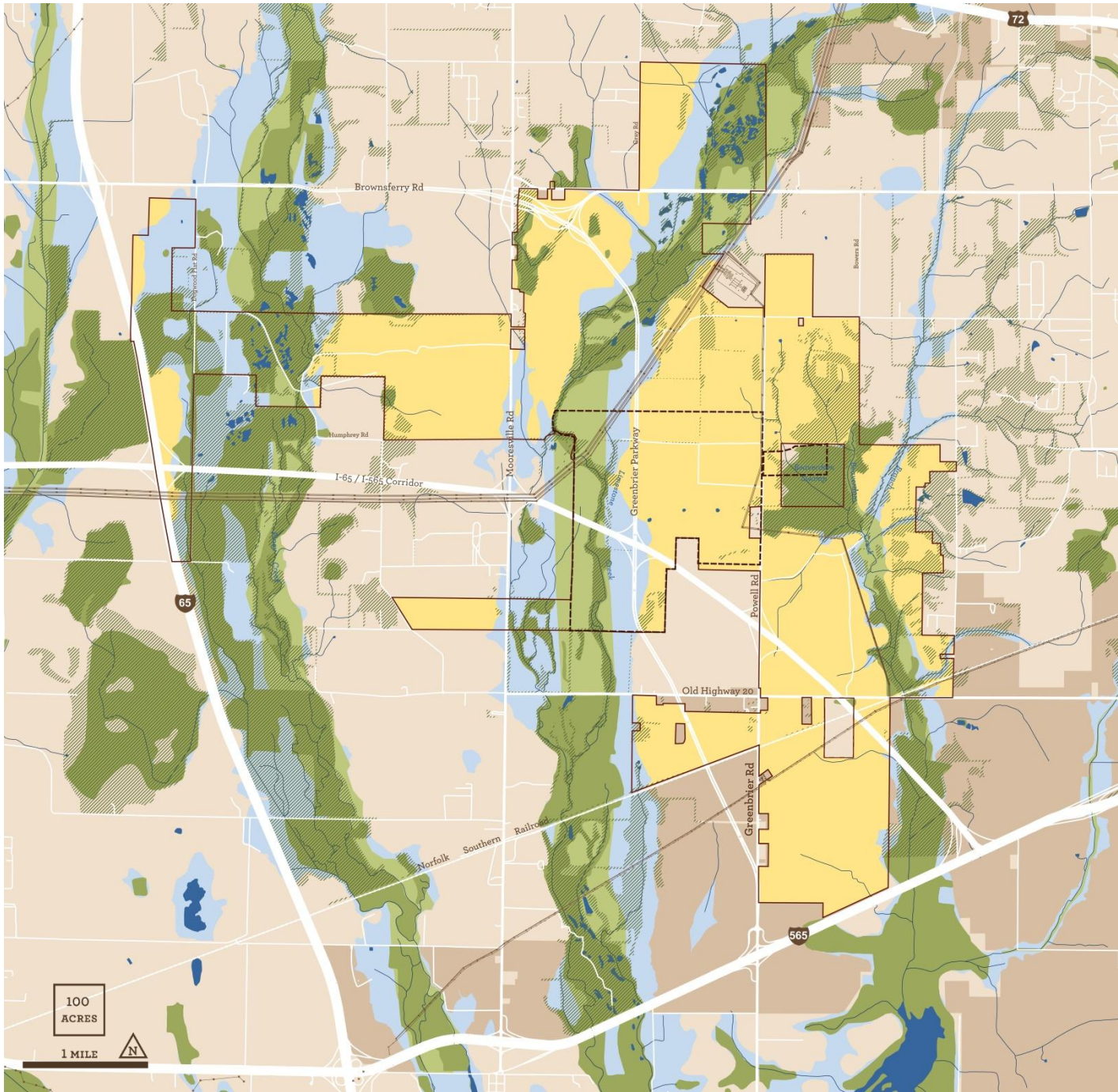


SITE ANALYSIS

Wetlands & Water Bodies

**Developable
Area: 7,380 ac**
(includes floodway
fringe)

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- STREAMS



SITE ANALYSIS

Existing Tree Cover

- STUDY AREA
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- FLOODWAY AREA ESTIMATE
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AGENDA

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SITE ANALYSIS

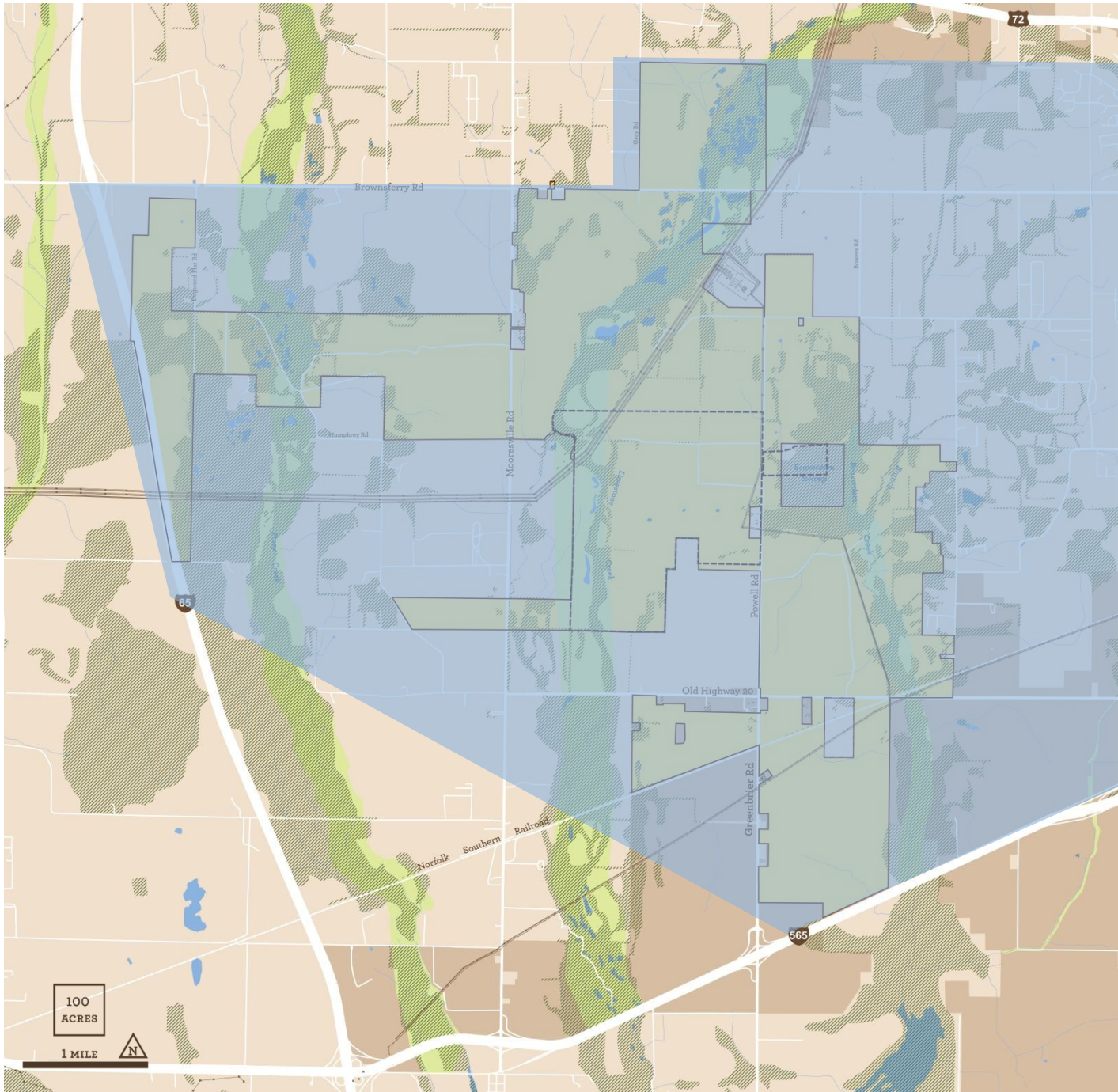
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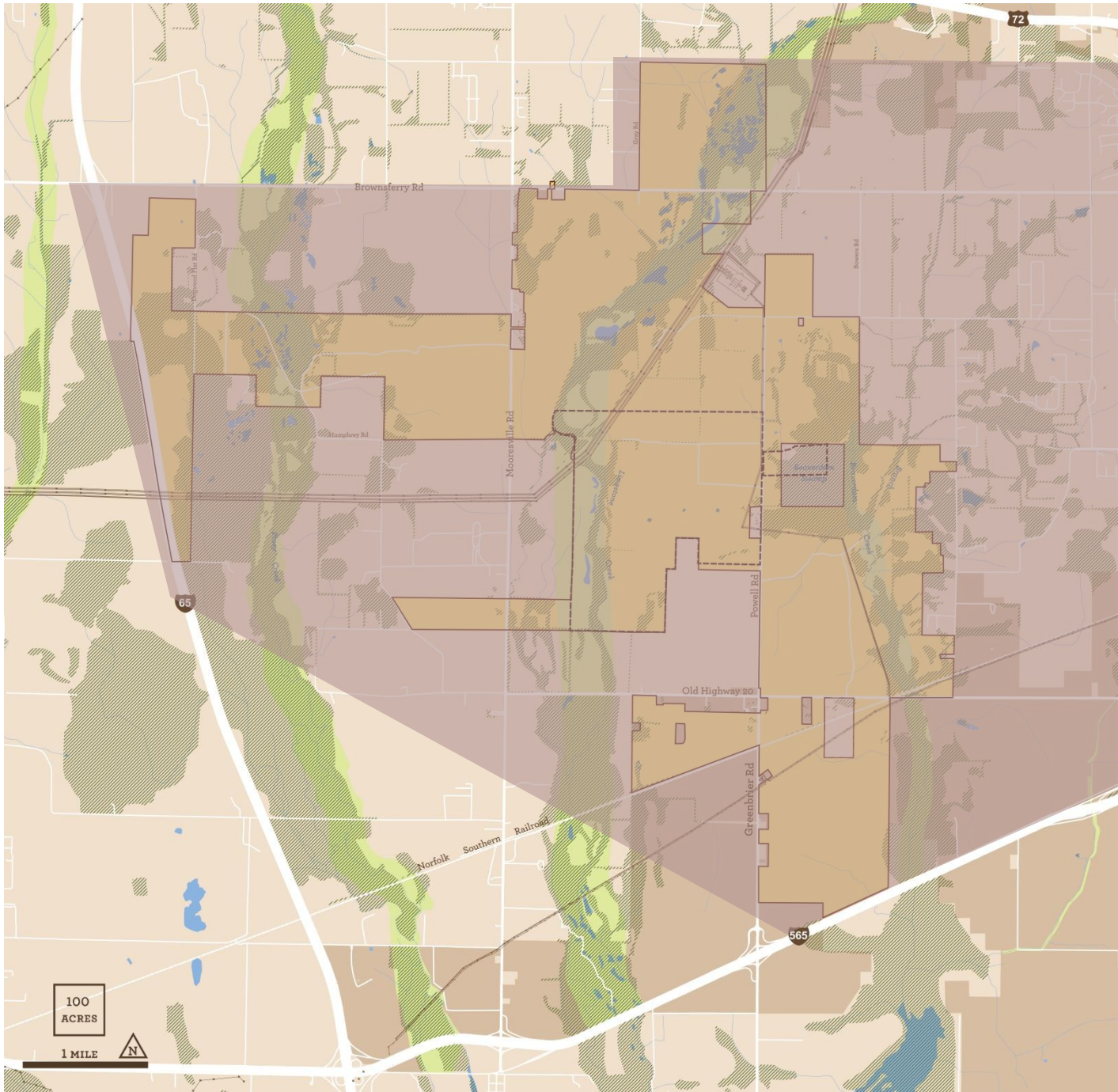
COMMUNITY IMPACTS



AVAILABLE UTILITIES - WATER

Utility Provider:
Limestone County
Water & Sewer
Authority

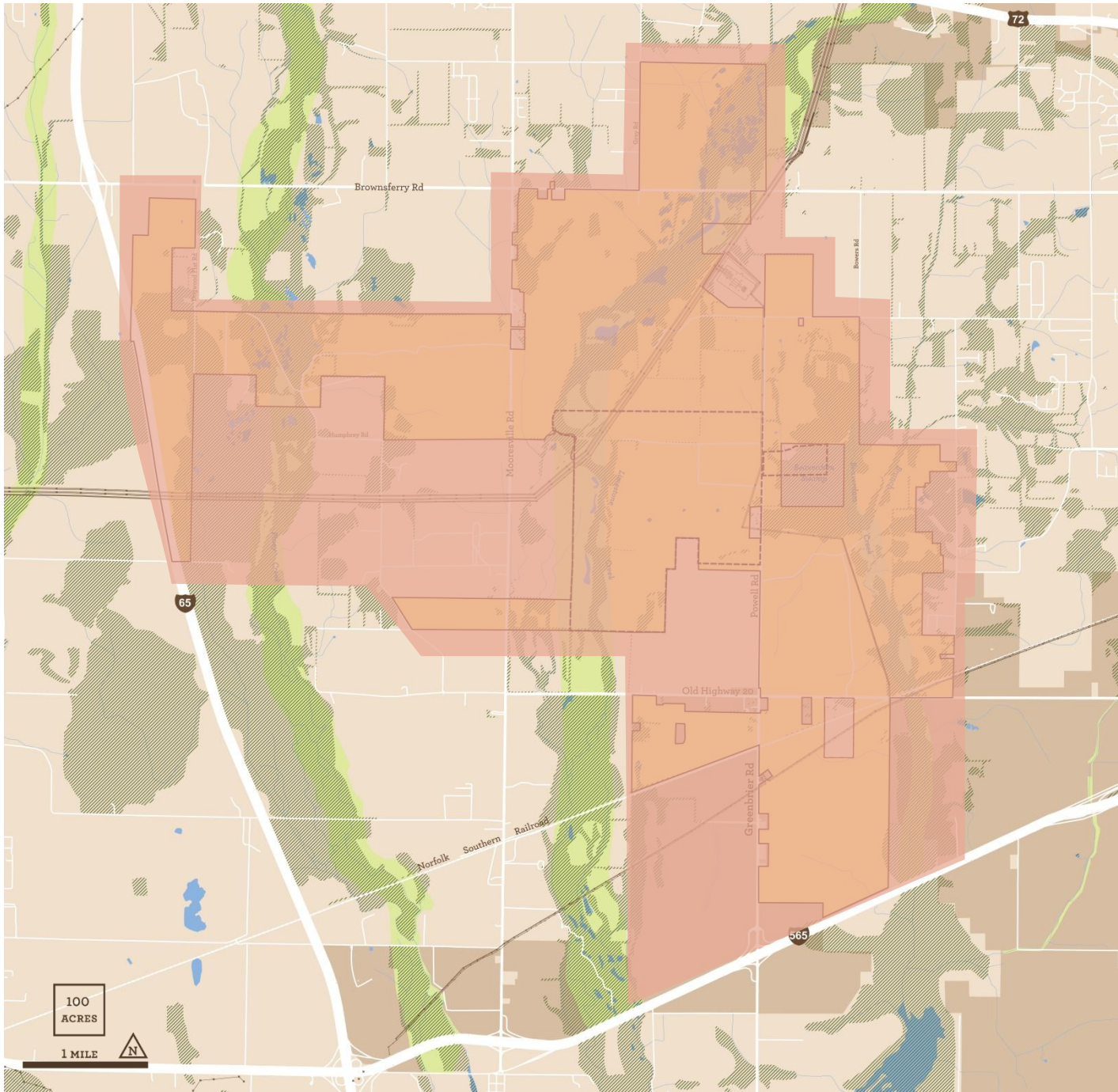
- STUDY AREA
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AVAILABLE UTILITIES - ELECTRICITY

Utility Provider:
Athens Utilities

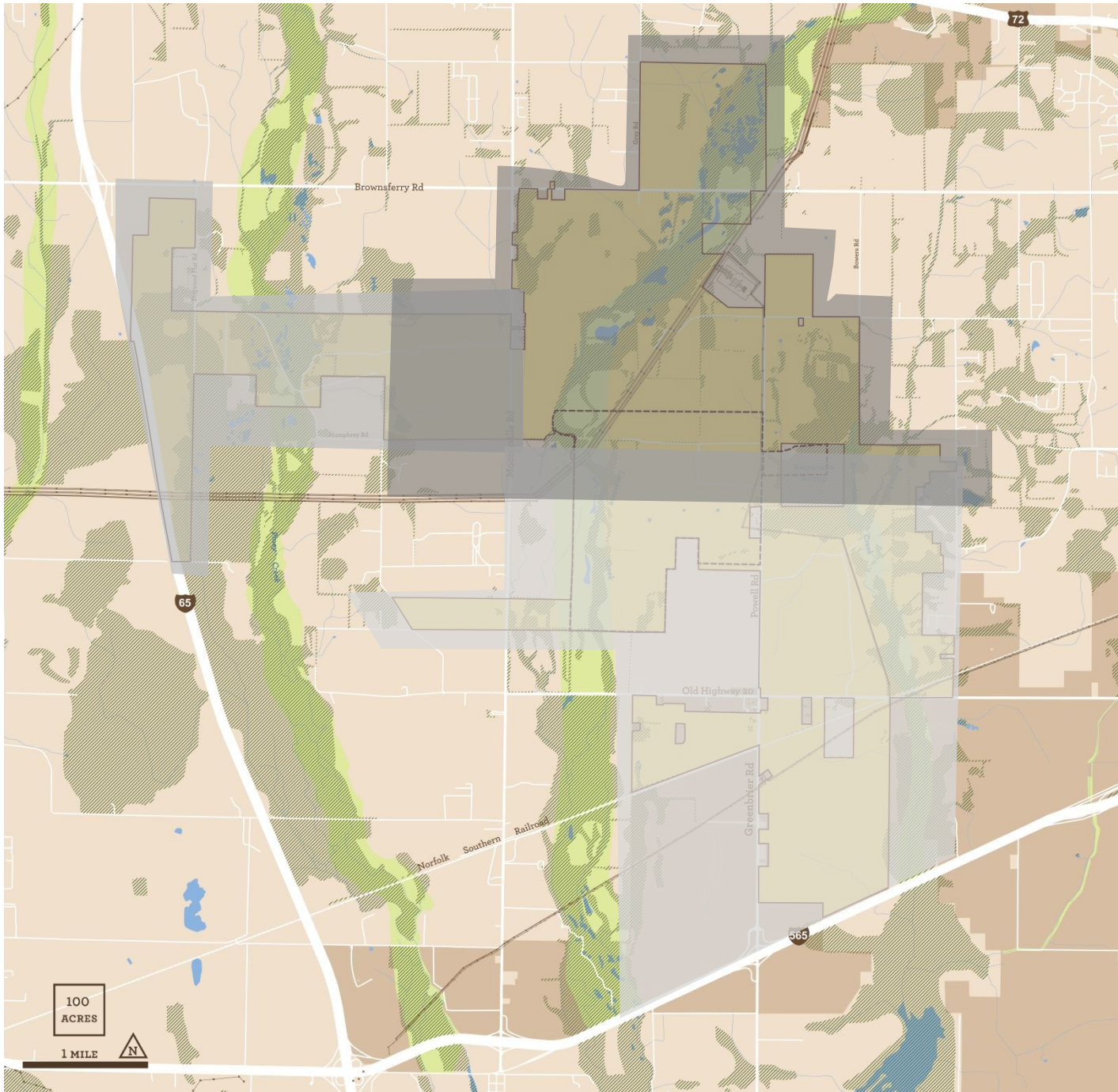
- STUDY AREA
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AVAILABLE UTILITIES - SEWER

Utility Provider:
City of Huntsville
(WPC)

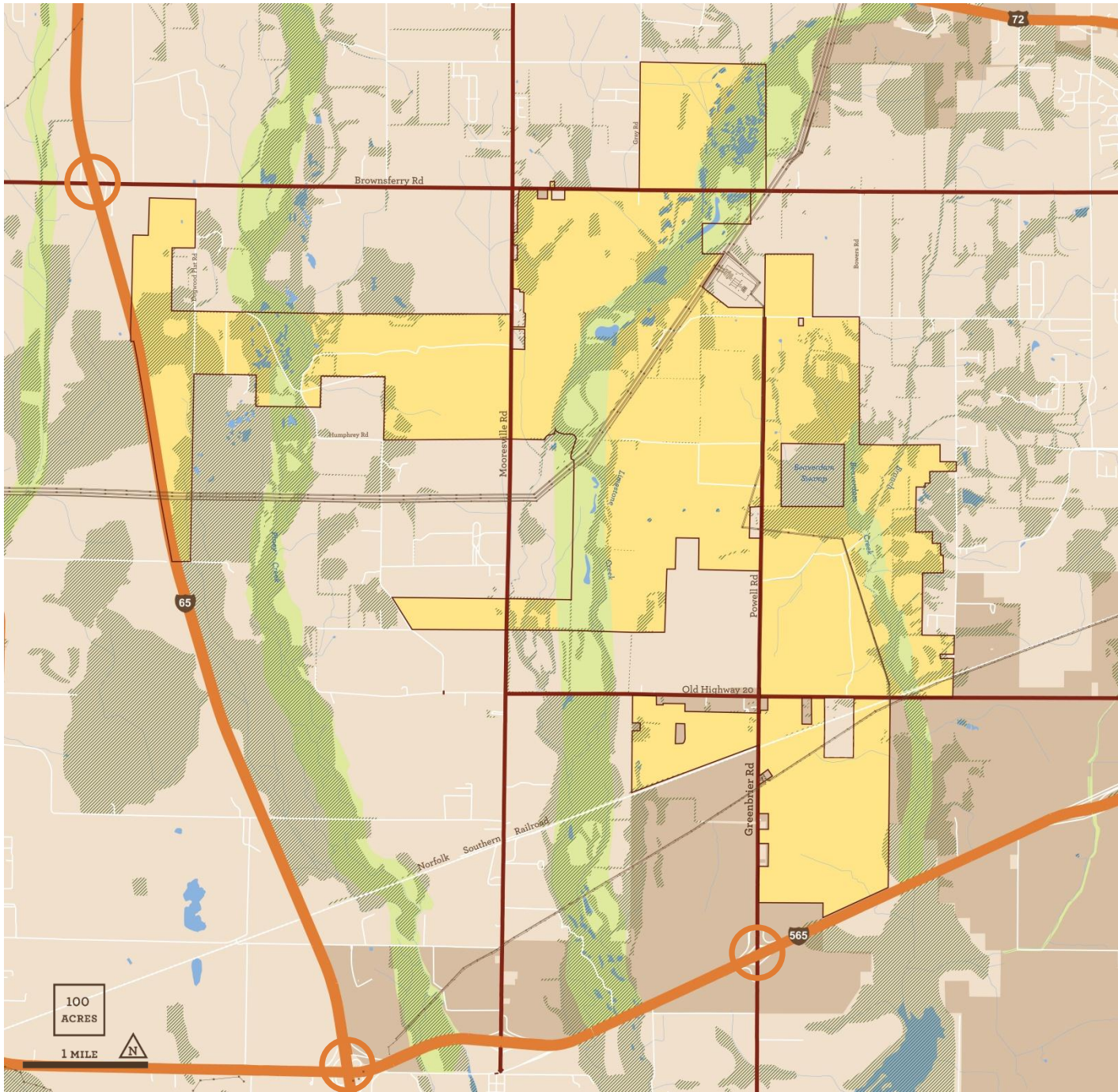
- STUDY AREA
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AVAILABLE UTILITIES - NATURAL GAS

- Utility Provider:
Athens Utilities**
- North Alabama
Gas District**
- By Agreement
Between North
Alabama Gas &
Athens Utilities**

- STUDY AREA**
- OPTION TRACT**
- CITY OF HUNTSVILLE**
- EXISTING TREE COVER & WETLANDS**



EXISTING ROADS

I-565

I-65

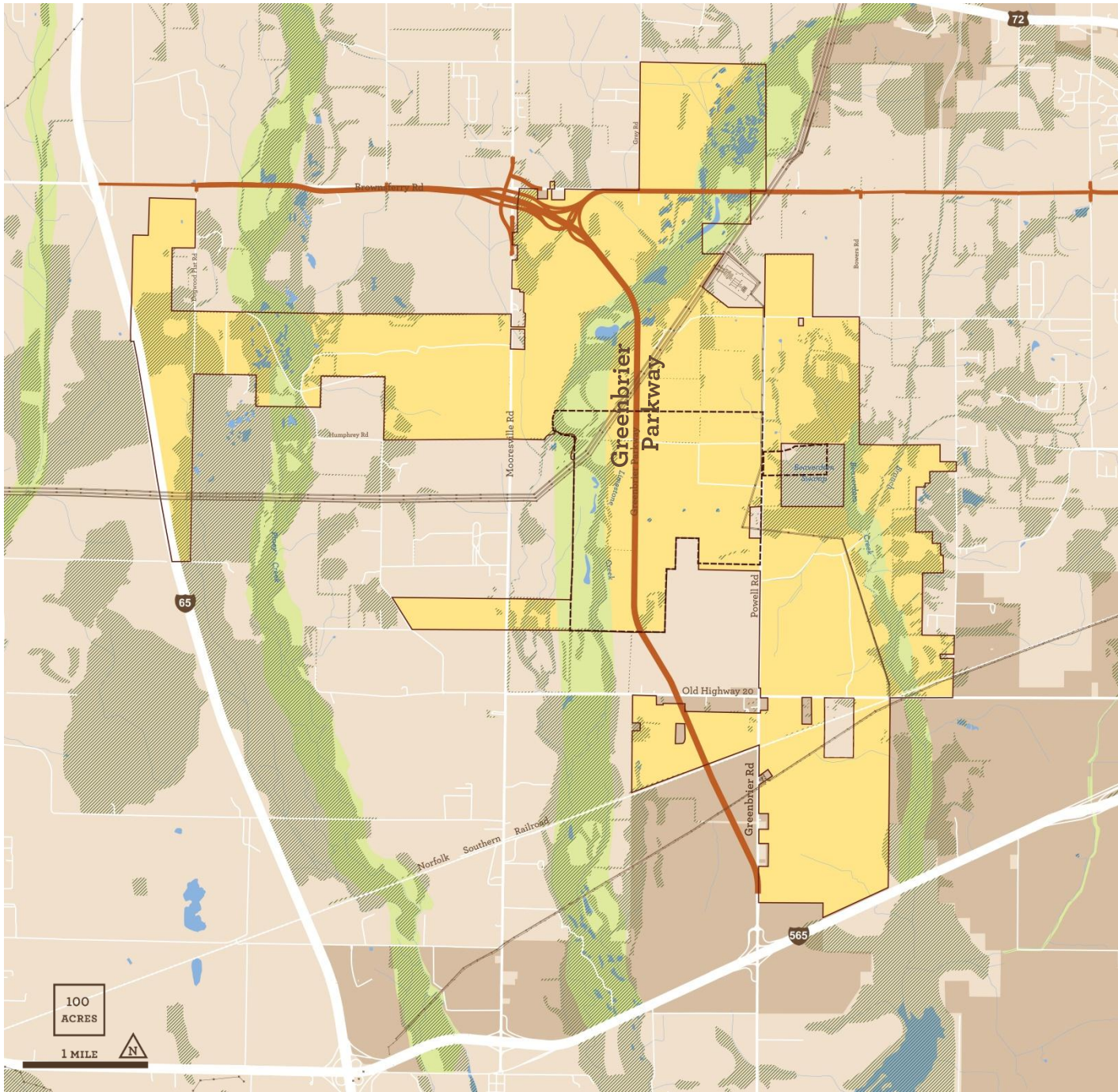
Brownsferry Road

Mooresville Road

Powell Road /
Greenbrier Road

Old Highway 20

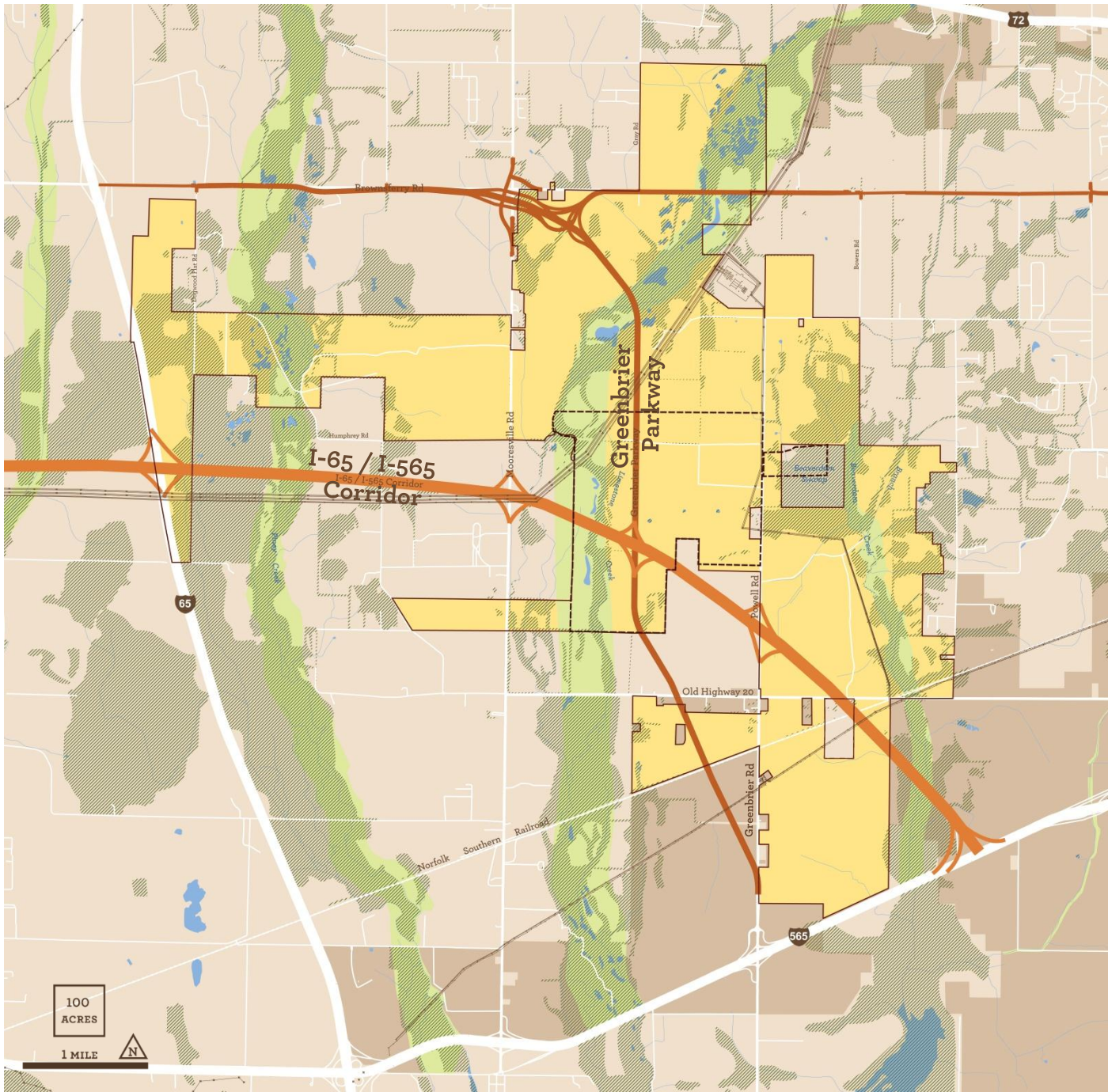
-  STUDY AREA
-  OPTION TRACT
-  CITY OF HUNTSVILLE
-  EXISTING TREE COVER & WETLANDS



FUTURE ROADS

Greenbrier Parkway

- STUDY AREA
- OPTION TRACT
- CITY OF HUNTSVILLE
- EXISTING TREE COVER & WETLANDS



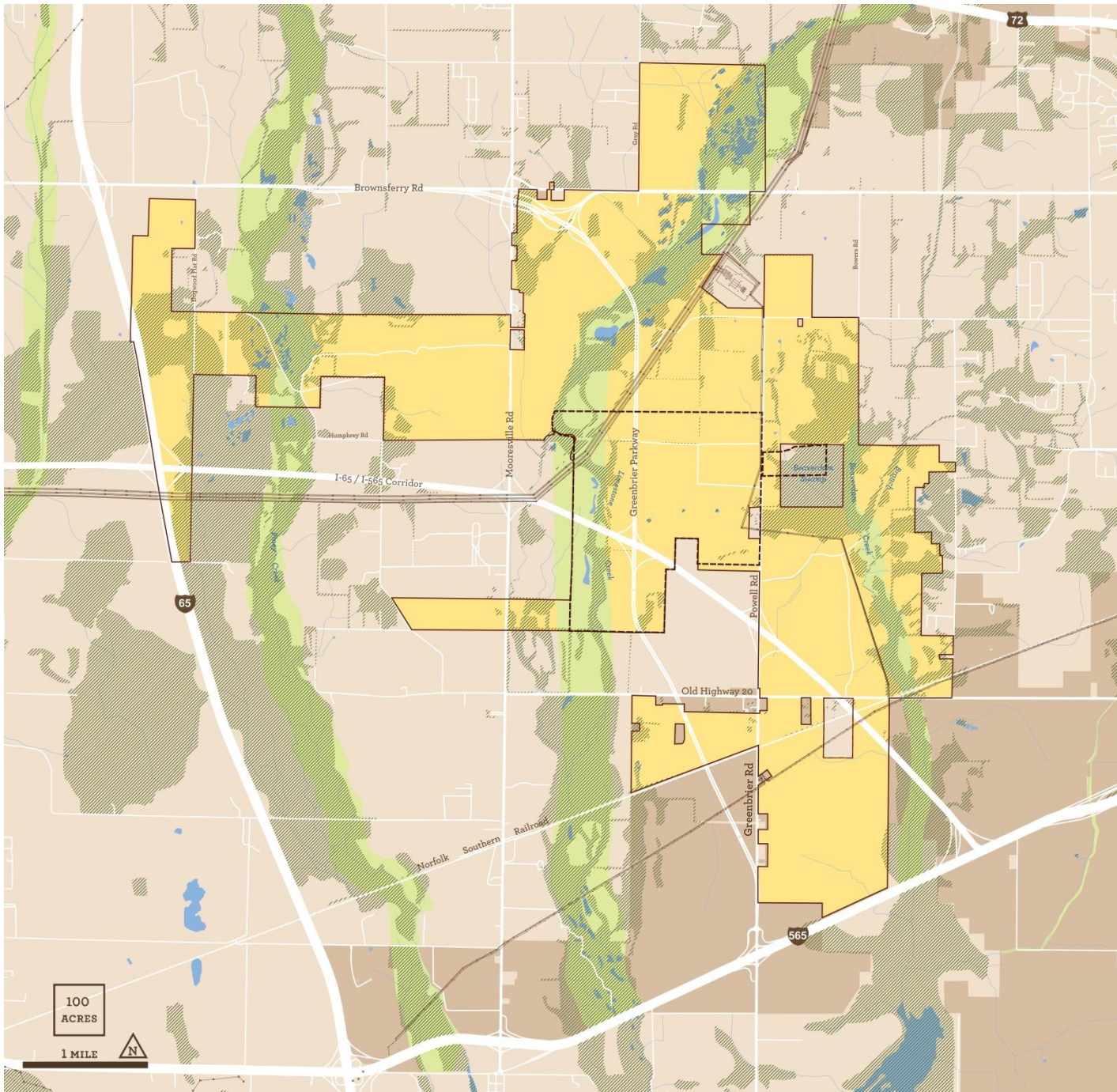
FUTURE ROADS

Greenbrier Parkway

I-65 / I-565 Corridor

- STUDY AREA
- OPTION TRACT
- CITY OF HUNTSVILLE
- EXISTING TREE COVER & WETLANDS

S A S A K I



FUTURE ROADS

I-65 / I-565 Corridor

Greenbrier Parkway

- STUDY AREA
- OPTION TRACT
- CITY OF HUNTSVILLE
- EXISTING TREE COVER & WETLANDS

S A S A K I

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MARKET & PROGRAM

RCLCO

Land Use	Total SF / Units	Acres
Office	3,160,000	208
Industrial	6,870,000	450
Retail	550,000	36
For-Rent Residential	750	34
For-Sale Residential	7,840	2,960
Hotel	560	9

Scenario 2: Without I-65 / I-565 Corridor

Land Use	Total SF / Units	Acres
Office	8,540,000	561
Industrial	1,800,000	118
Retail	805,000	53
For-Rent Residential	4,470	203
For-Sale Residential	8,130	2,737
Hotel	1,620	27

Scenario 1: With I-65 / I-565 Corridor

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COMMUNITY IMPACTS

Smart Growth Principles...

- Compact Building Design
- Create Range of Housing Opportunities and Choices
- Create Walkable Neighborhoods
- Encourage Community and Stakeholder Collaboration
- Foster Distinctive, Attractive Communities with a Strong Sense of Place
- Make Development Decisions Predictable, Fair and Cost Effective
- Mix Land Uses
- Preserve Open Space, Farmland, Natural Beauty and Critical Environmental Areas
- Provide a Variety of Transportation Choices
- Strengthen and Direct Development Towards Existing Communities

- Source: Smart Growth Online, <http://www.smartgrowth.org>

Master Plan Goals:

Create a new regional employment center

Create a vibrant family friendly community

Capitalize on the natural environment

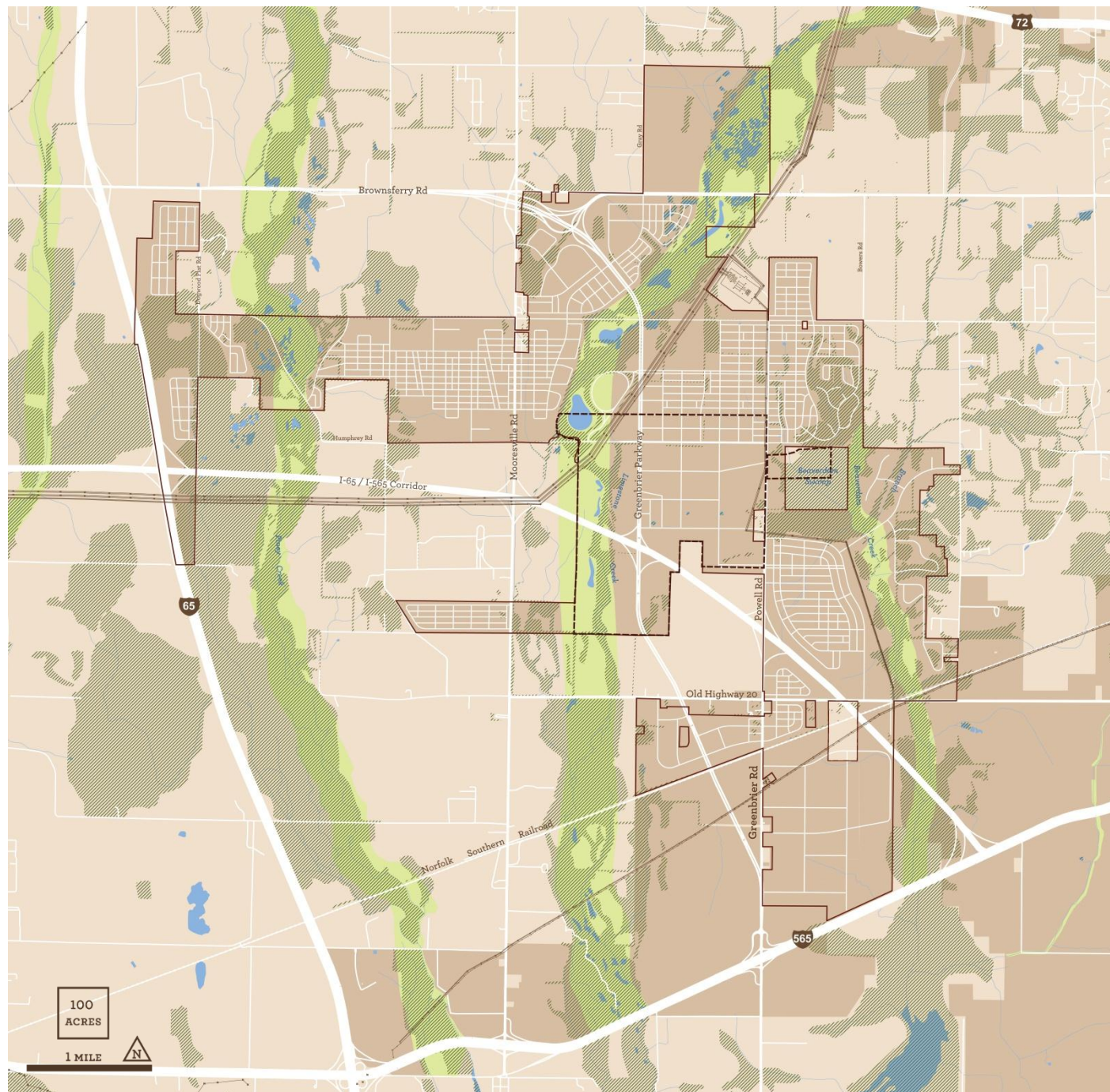
Maximize the value of the land

Create jobs and increase tax revenues

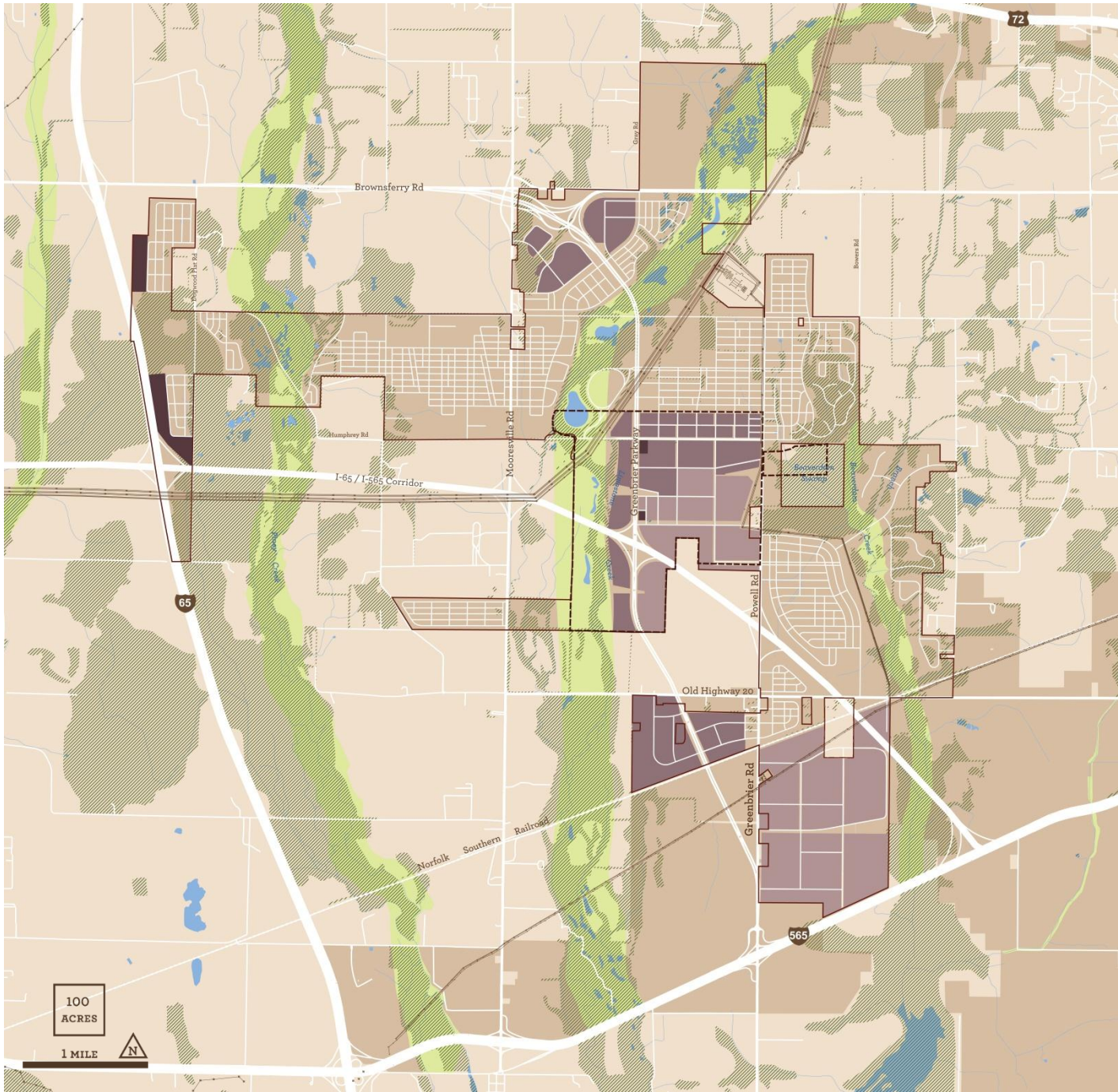
Position Huntsville for the new economy

Create a resilient and flexible framework for growth

MASTER PLAN - INFRASTRUCTURE



- STUDY AREA
- OPTION TRACT
- EXISTING TREE COVER & WETLANDS
- FLOODWAY ESTIMATION AREA



MASTER PLAN - INDUSTRIAL, RESEARCH & DEVELOPMENT

- STUDY AREA
- OPTION TRACT
- EXISTING TREE COVER & WETLANDS
- FLOODWAY ESTIMATION AREA

MASTER PLAN LAND USES

- COMMERCIAL
- OFFICE, RESEARCH & DEVELOPMENT
- INDUSTRIAL



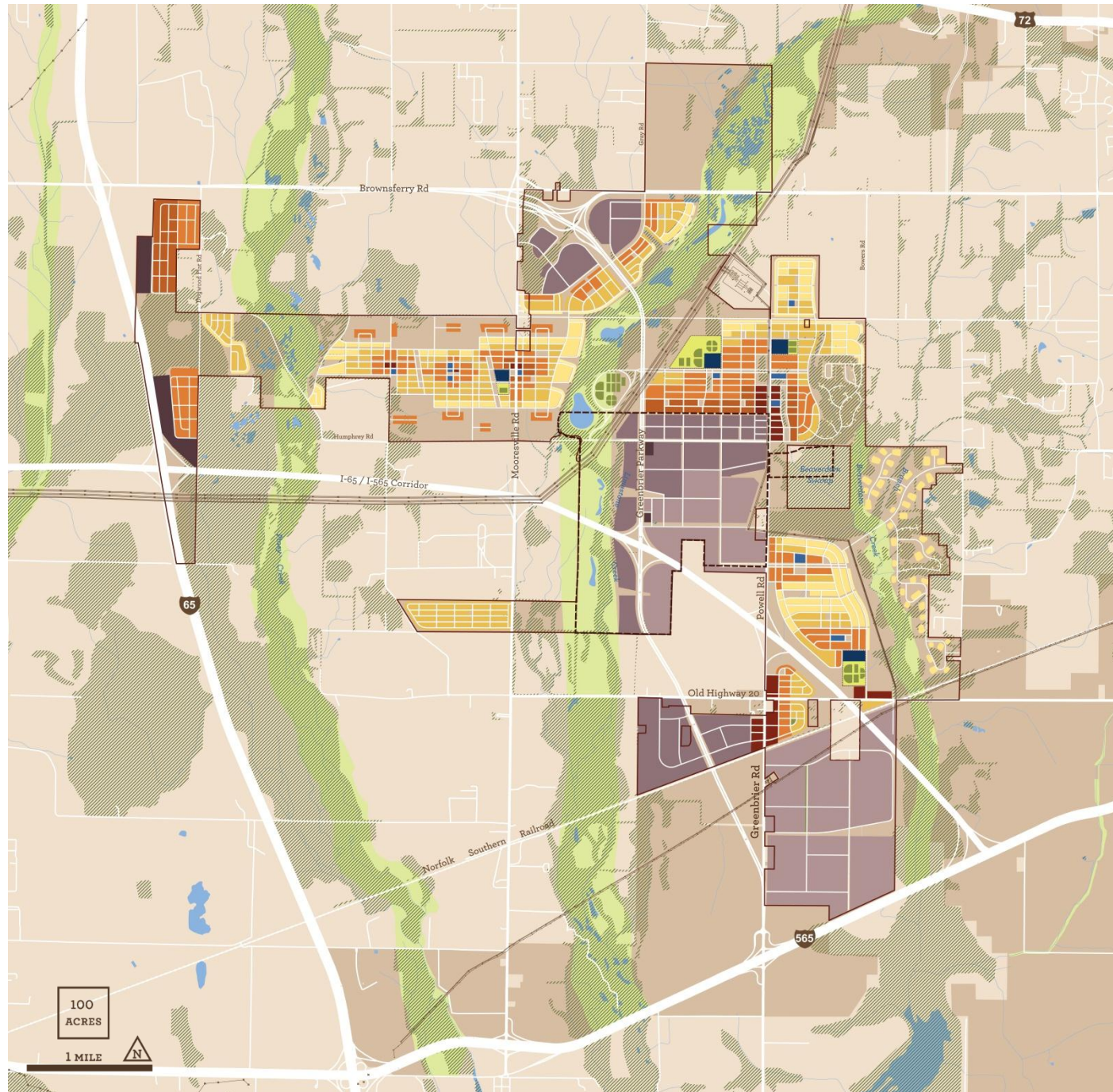
MASTER PLAN - MIXED USE & CIVIC

- STUDY AREA
- OPTION TRACT
- EXISTING TREE COVER & WETLANDS
- FLOODWAY ESTIMATION AREA

MASTER PLAN LAND USES

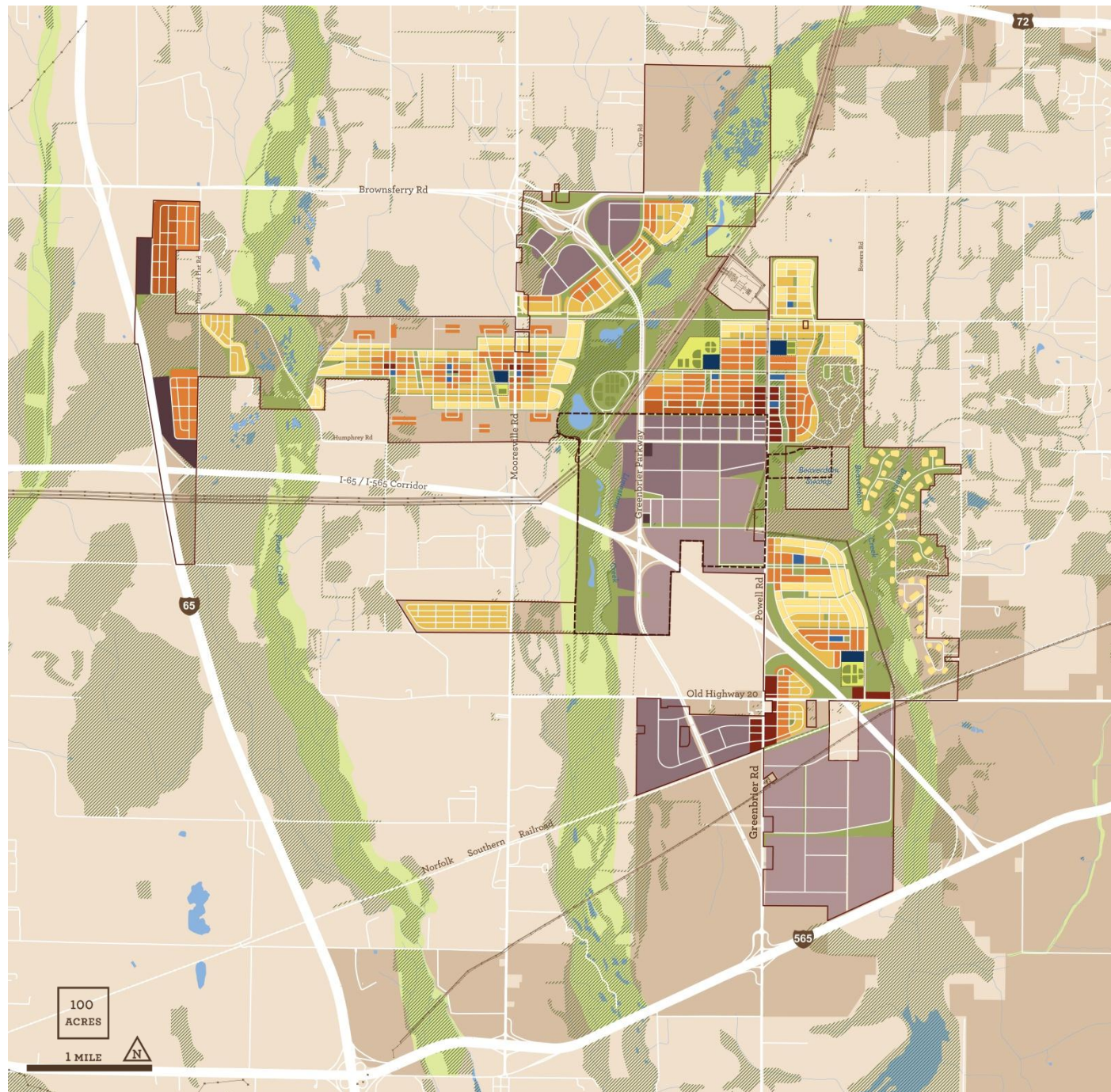
- MIXED USE
- COMMERCIAL
- OFFICE, RESEARCH & DEVELOPMENT
- INDUSTRIAL
- CIVIC / INSTITUTIONAL
- K-8 SCHOOL / HIGH SCHOOL

MASTER PLAN - RESIDENTIAL

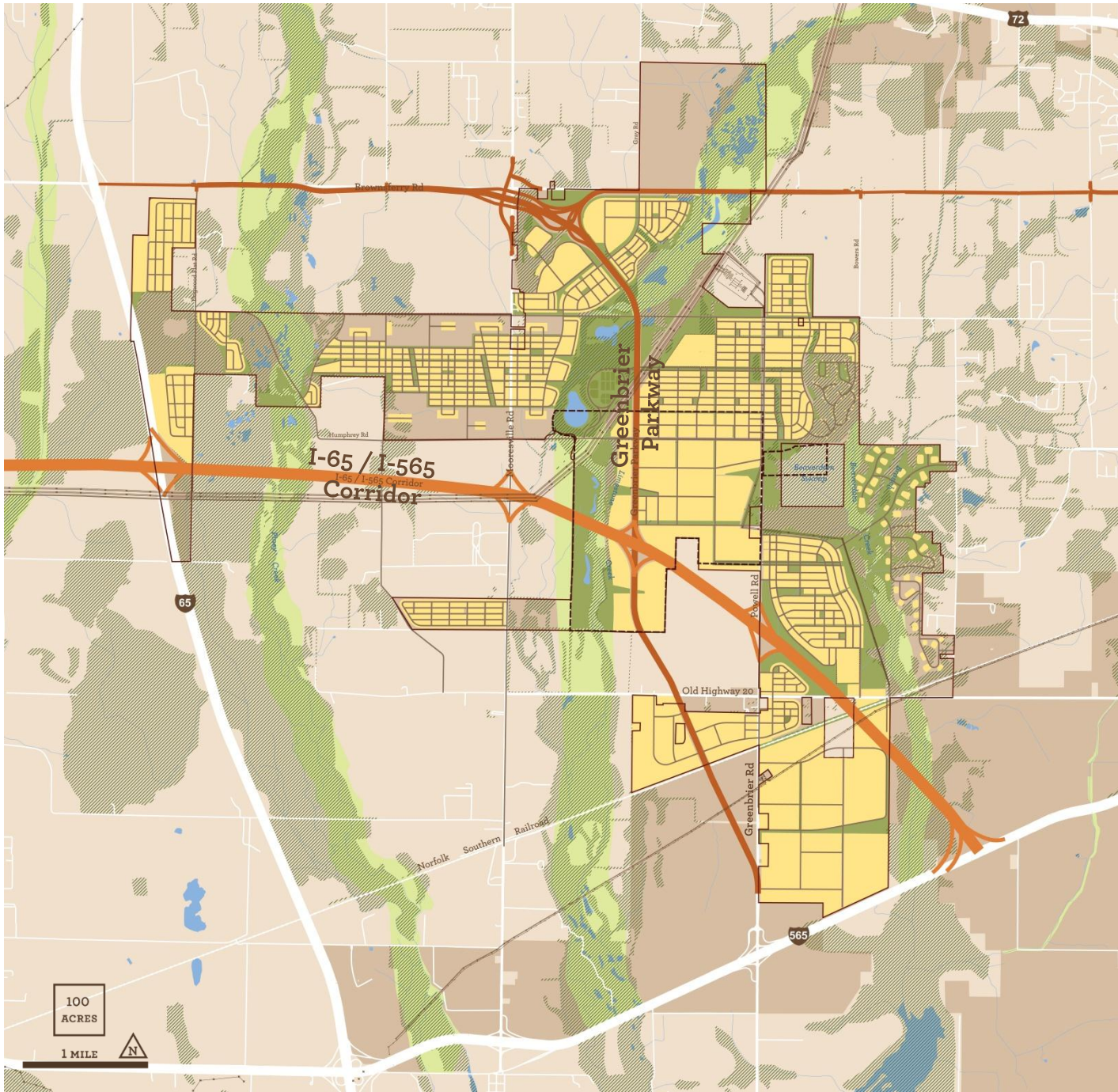


- STUDY AREA
 - OPTION TRACT
 - EXISTING TREE COVER & WETLANDS
 - FLOODWAY ESTIMATION AREA
- MASTER PLAN LAND USES**
- SINGLE FAMILY LOW DENSITY
 - SINGLE FAMILY MEDIUM DENSITY
 - SINGLE FAMILY HIGH DENSITY
 - MULTIFAMILY
 - MIXED USE
 - COMMERCIAL
 - OFFICE, RESEARCH & DEVELOPMENT
 - INDUSTRIAL
 - CIVIC / INSTITUTIONAL
 - K-8 SCHOOL / HIGH SCHOOL

MASTER PLAN - OPEN SPACE



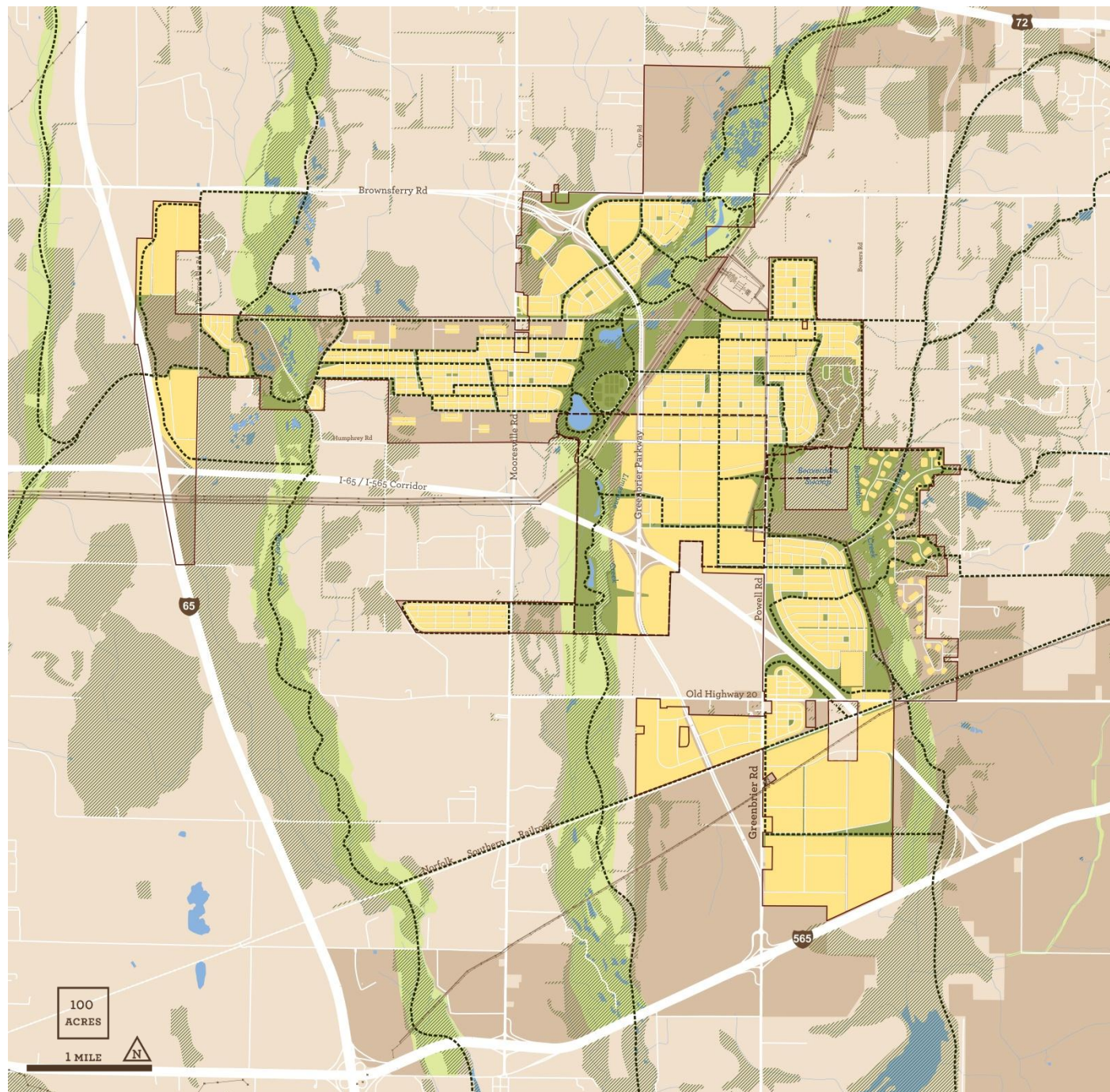
- STUDY AREA
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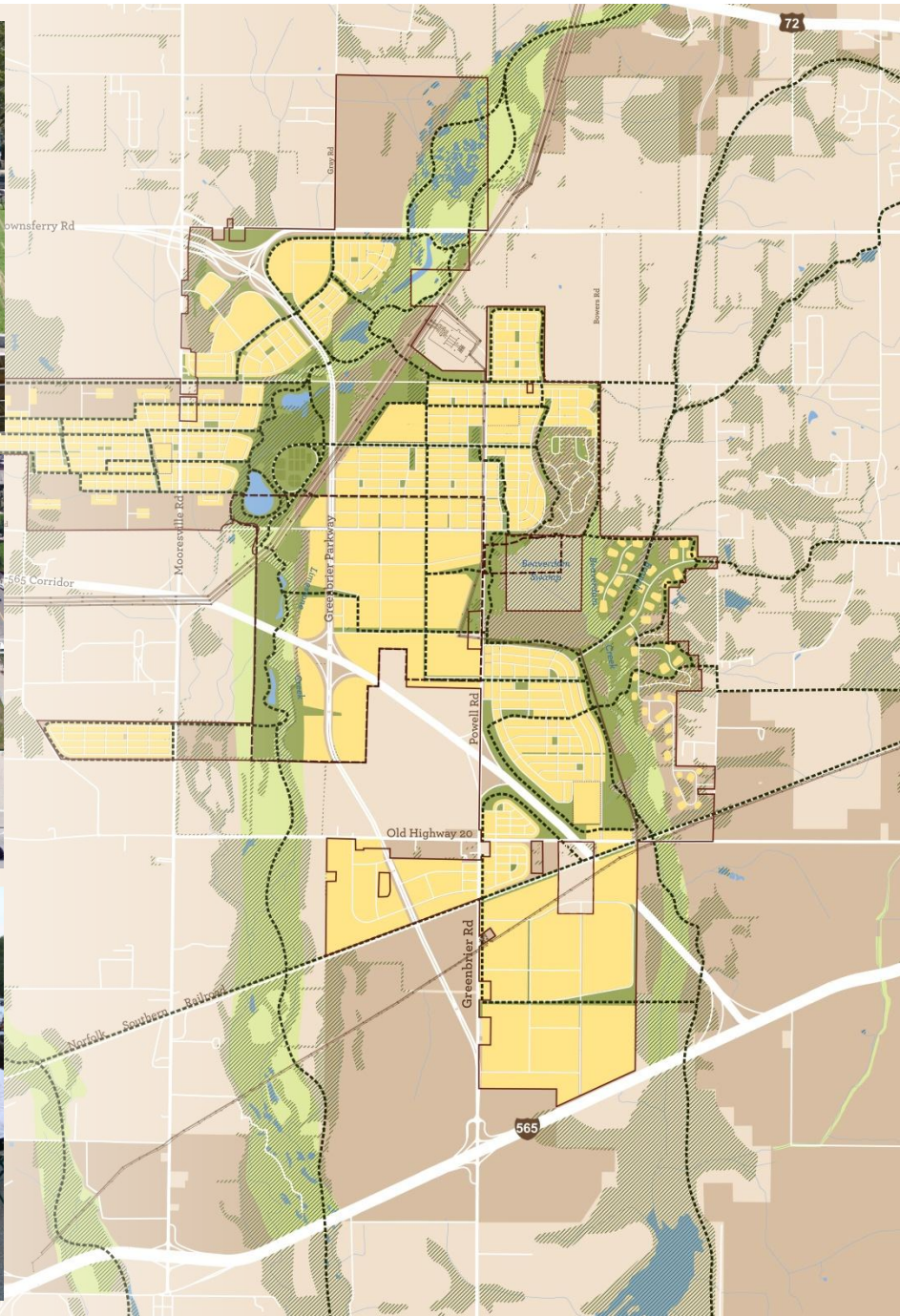
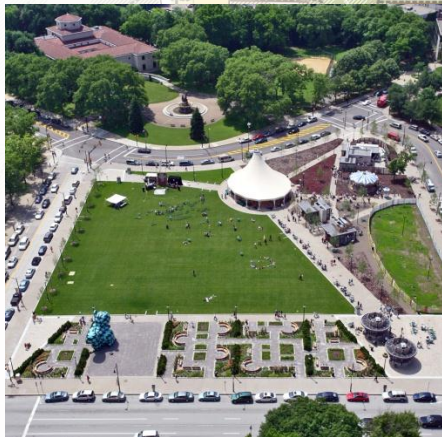
FUTURE ROADS

- STUDY AREA
- OPTION TRACT
- EXISTING TREE COVER & WETLANDS
- FLOODWAY ESTIMATION AREA
- MASTER PLAN PARCELS

OPEN SPACE & RECREATION



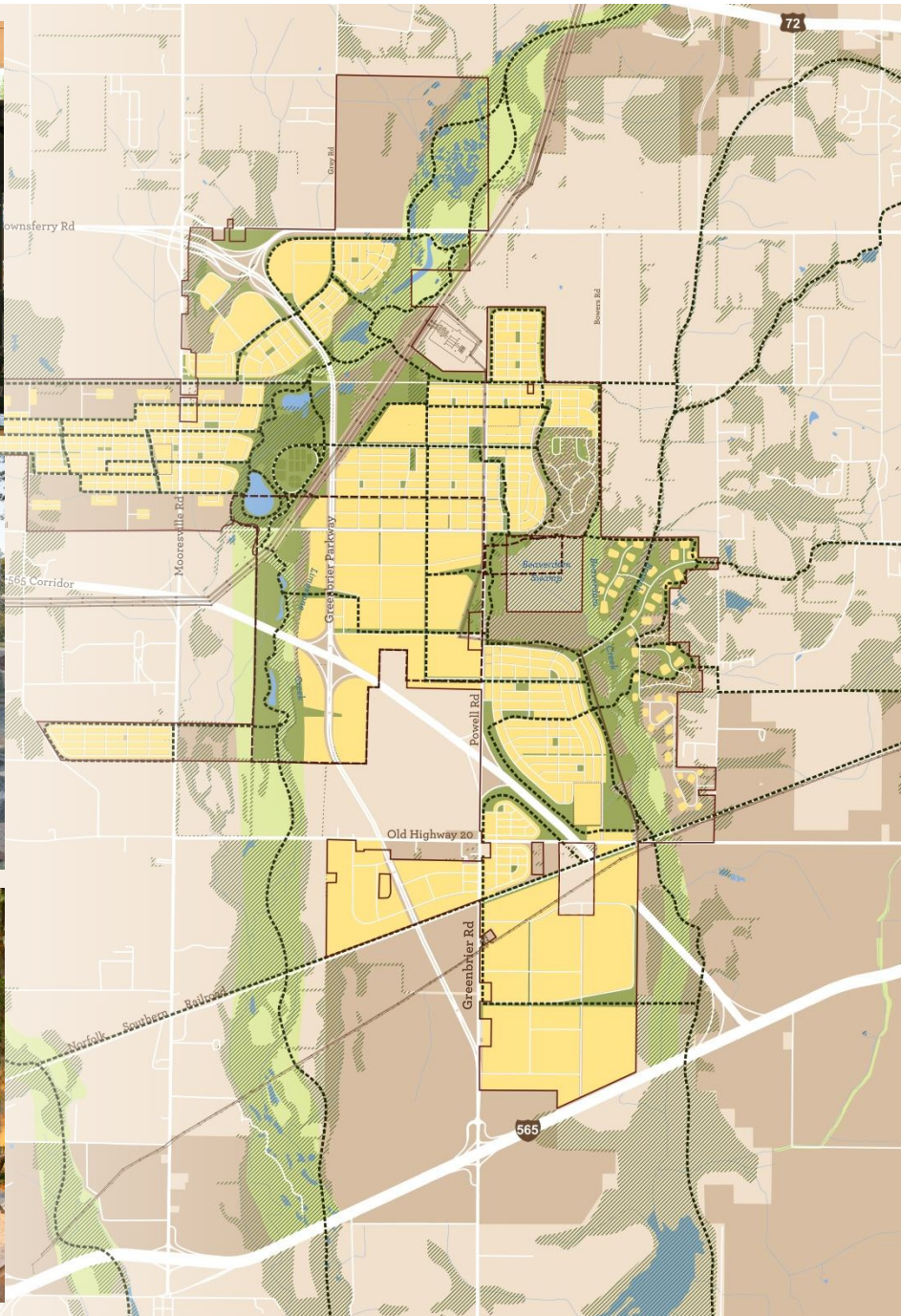
- STUDY AREA
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- MASTER PLAN PARCELS
- TRAILS



OPEN SPACE & RECREATION

Destination Parks

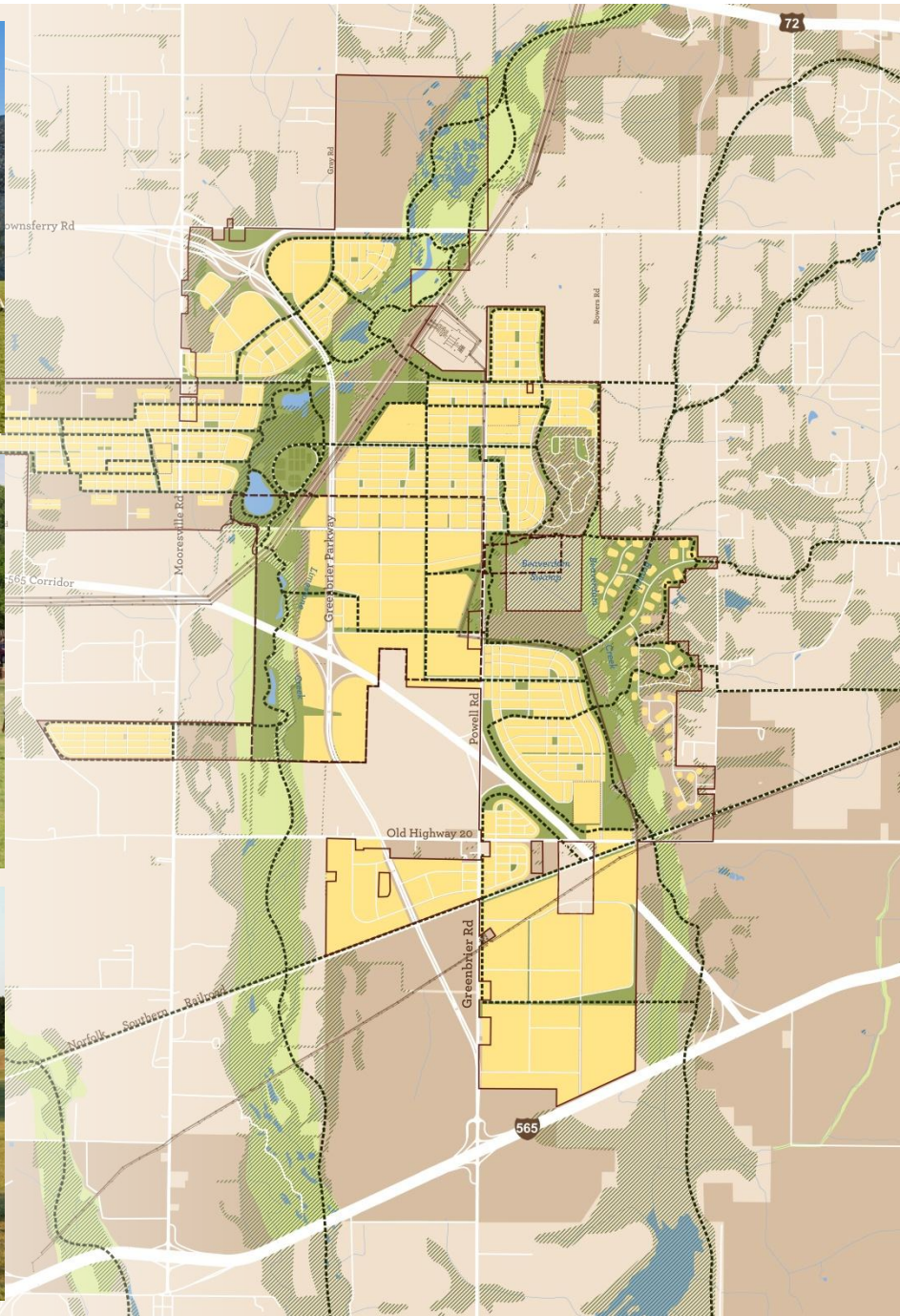
- STUDY AREA
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OPEN SPACE & RECREATION

Plazas, Courtyards & Pocket Parks

- STUDY AREA
- OPTION TRACT
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- TRAILS



OPEN SPACE & RECREATION

Playgrounds & Sports Fields

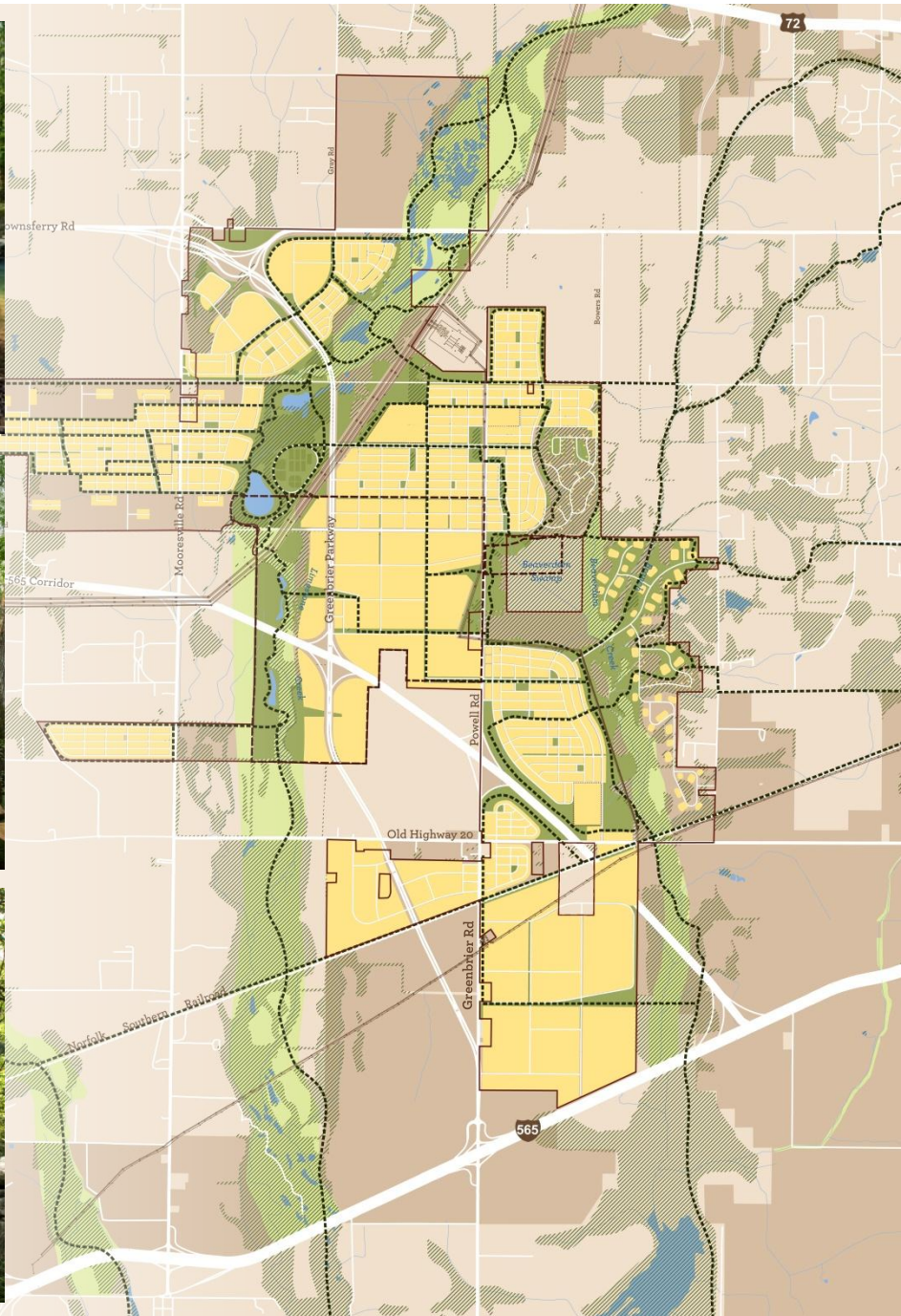
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photo by marc muench



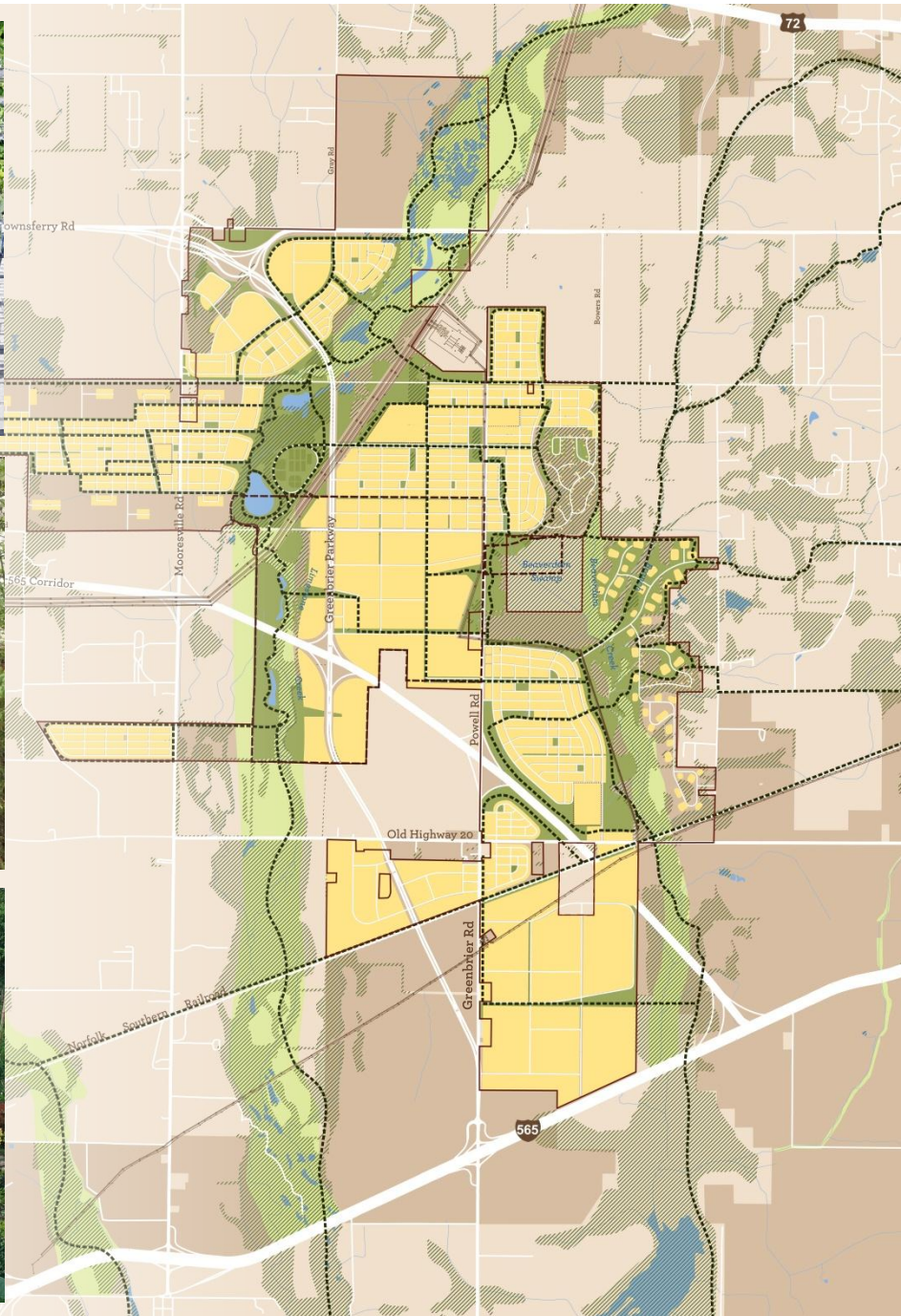
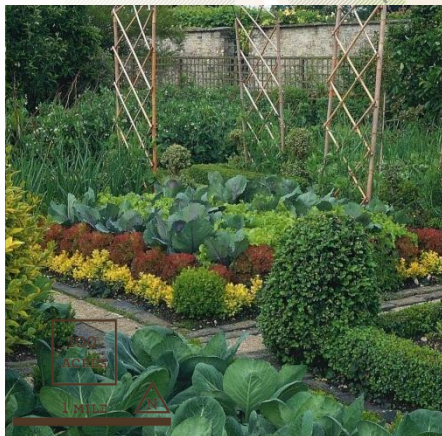
photo by marc muench



OPEN SPACE & RECREATION

Recreation Trails

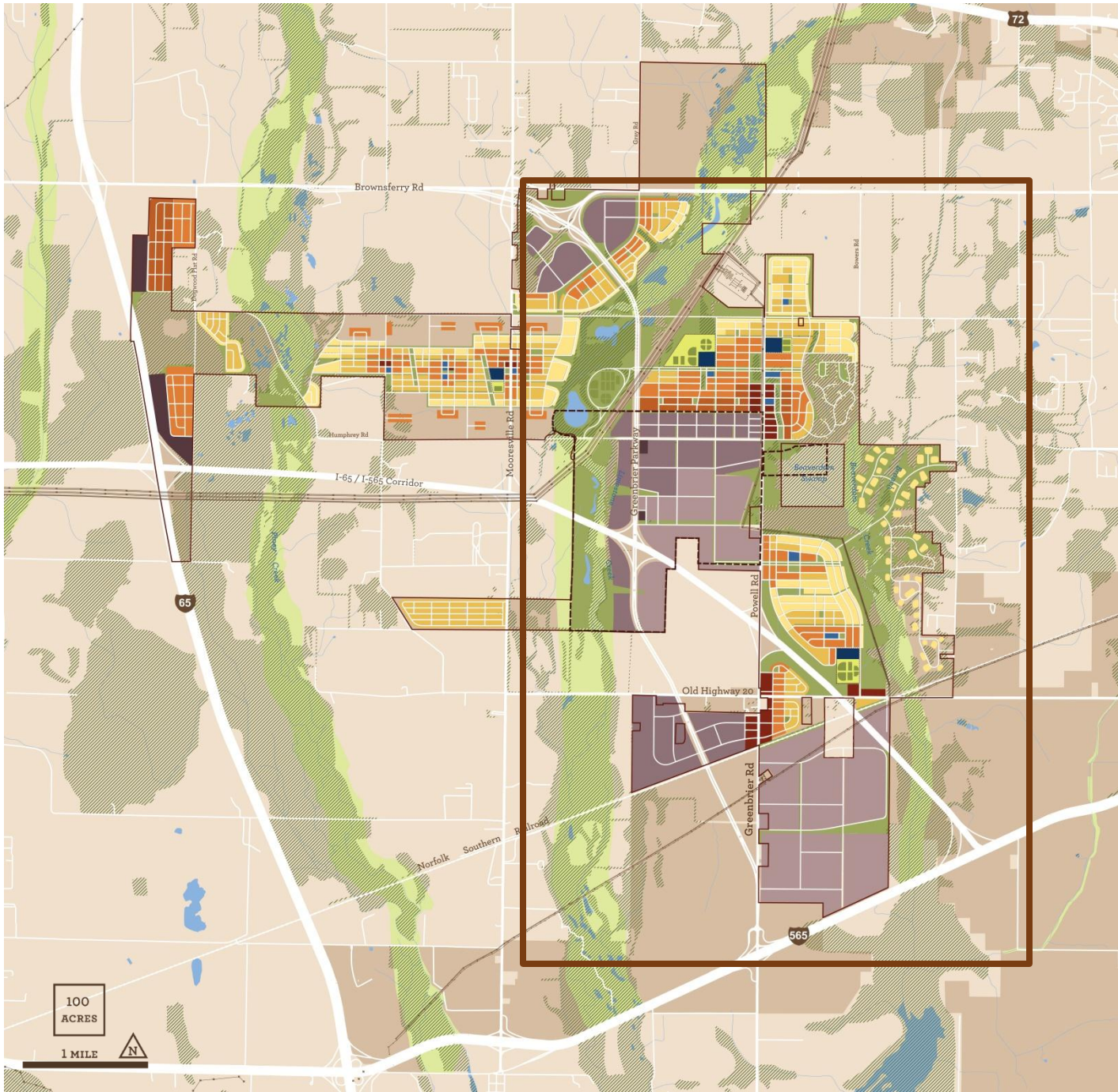
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OPEN SPACE & RECREATION

Farms, Orchards & Natural Landscapes

- STUDY AREA
- OPTION TRACT
- EXISTING TREE COVER & WETLANDS
- FLOODWAY ESTIMATION AREA
- MASTER PLAN PARCELS
- TRAILS



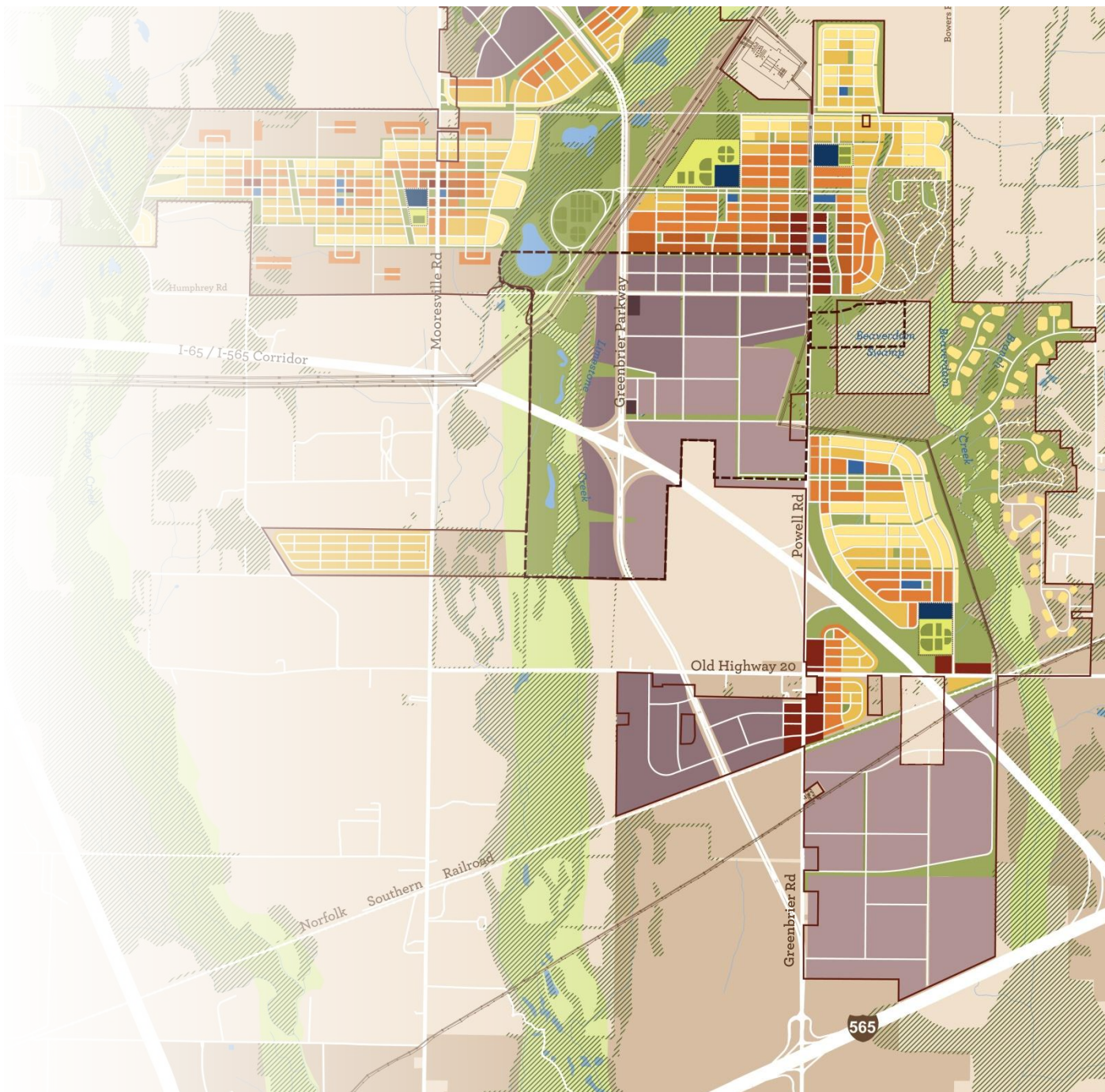
MASTER PLAN

- STUDY AREA
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- FLOODWAY ESTIMATION AREA

MASTER PLAN LAND USES

- SINGLE FAMILY LOW DENSITY
- SINGLE FAMILY MEDIUM DENSITY
- SINGLE FAMILY HIGH DENSITY
- MULTIFAMILY
- MIXED USE
- COMMERCIAL
- OFFICE, RESEARCH & DEVELOPMENT
- INDUSTRIAL
- CIVIC / INSTITUTIONAL
- K-8 SCHOOL / HIGH SCHOOL

MASTER PLAN PHASE 1

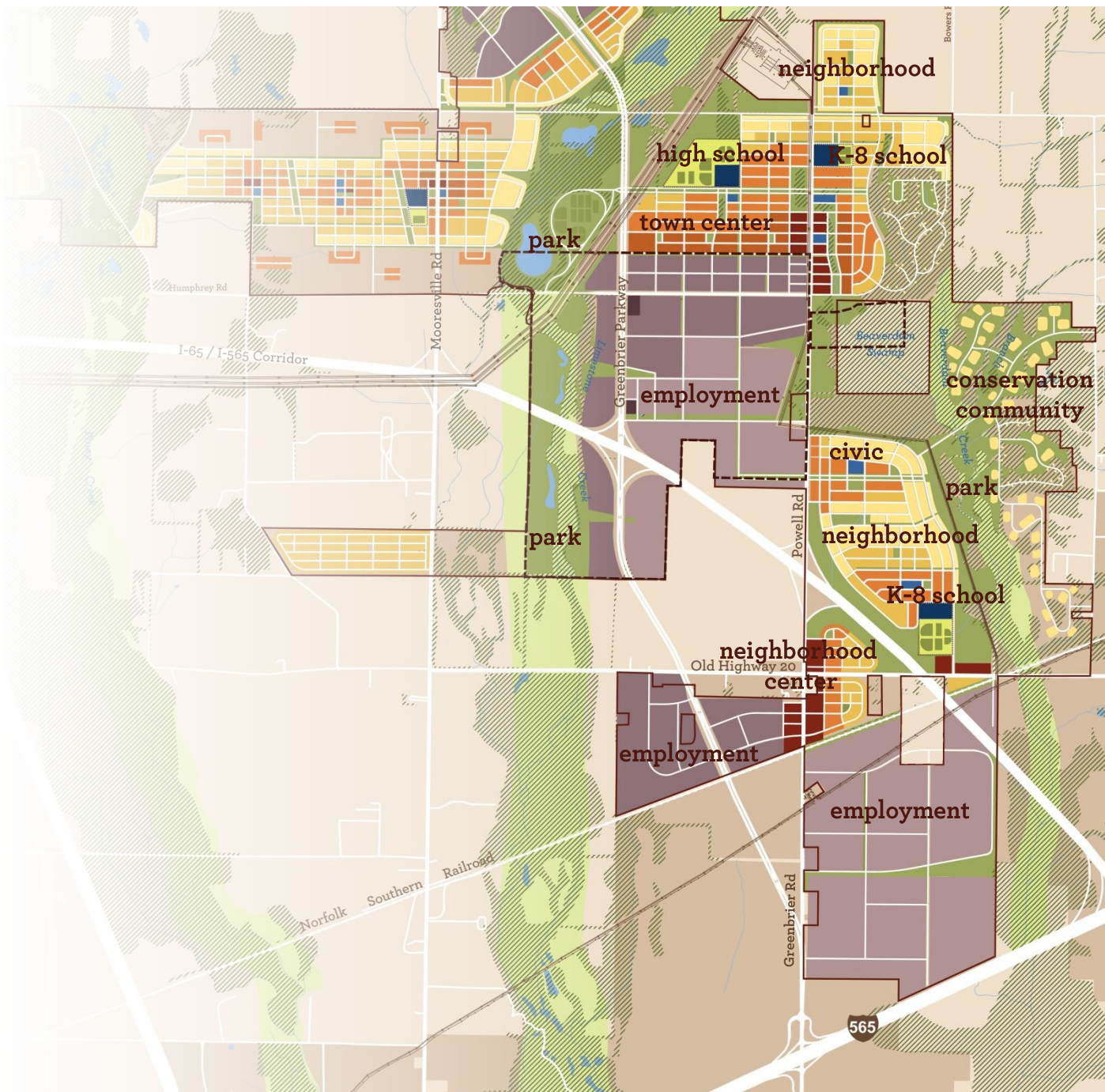


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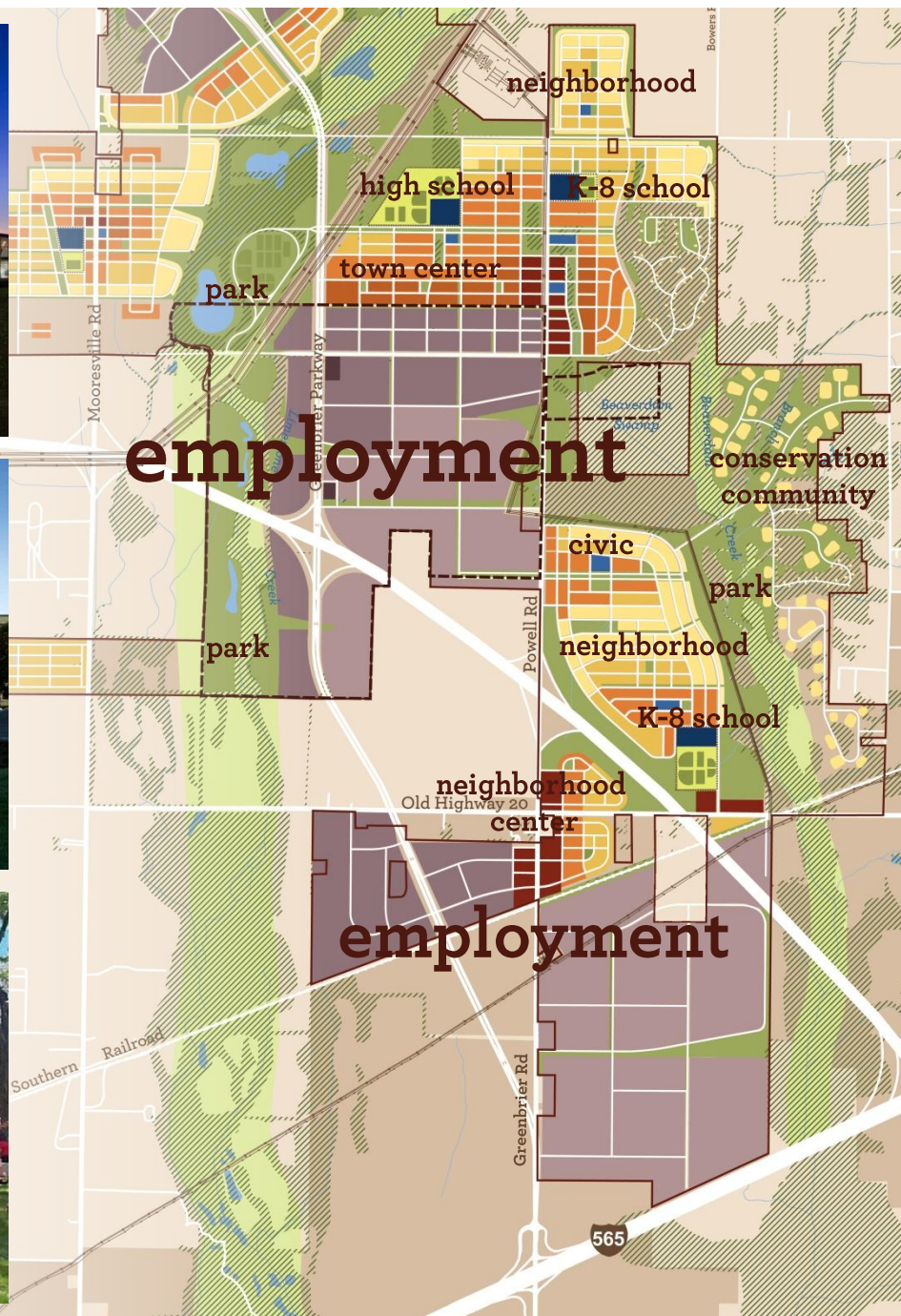
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MASTER PLAN PHASE 1



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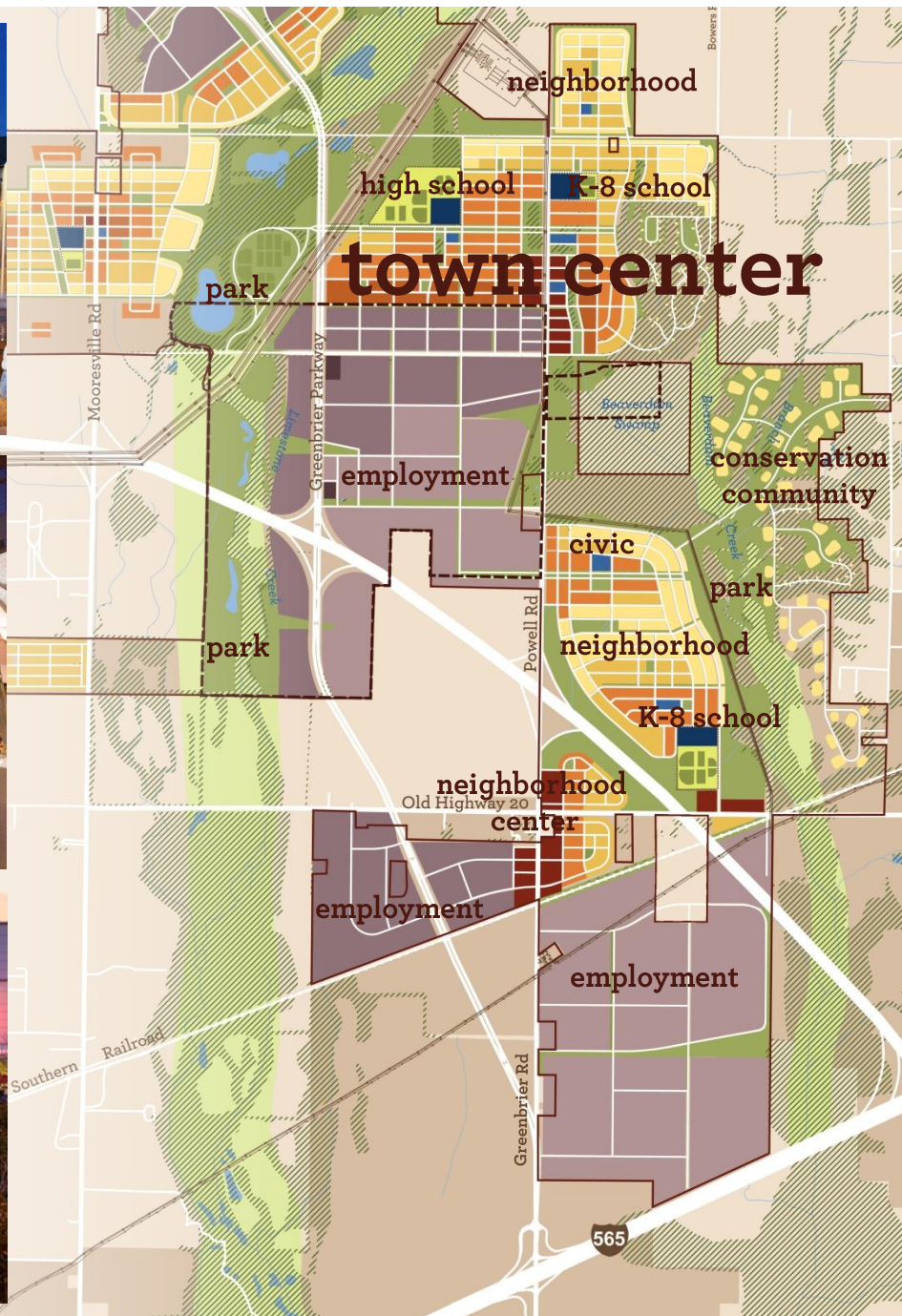


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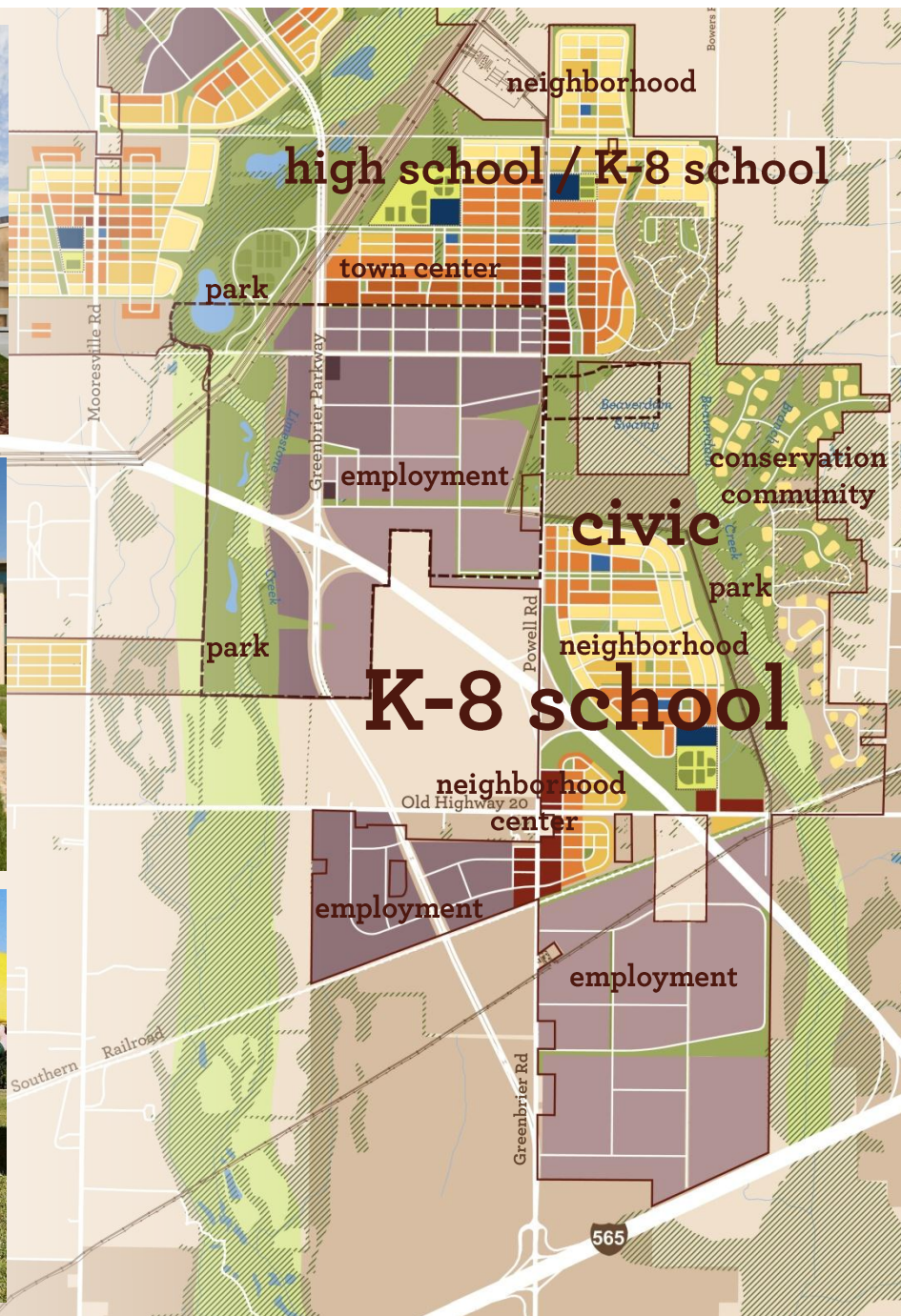


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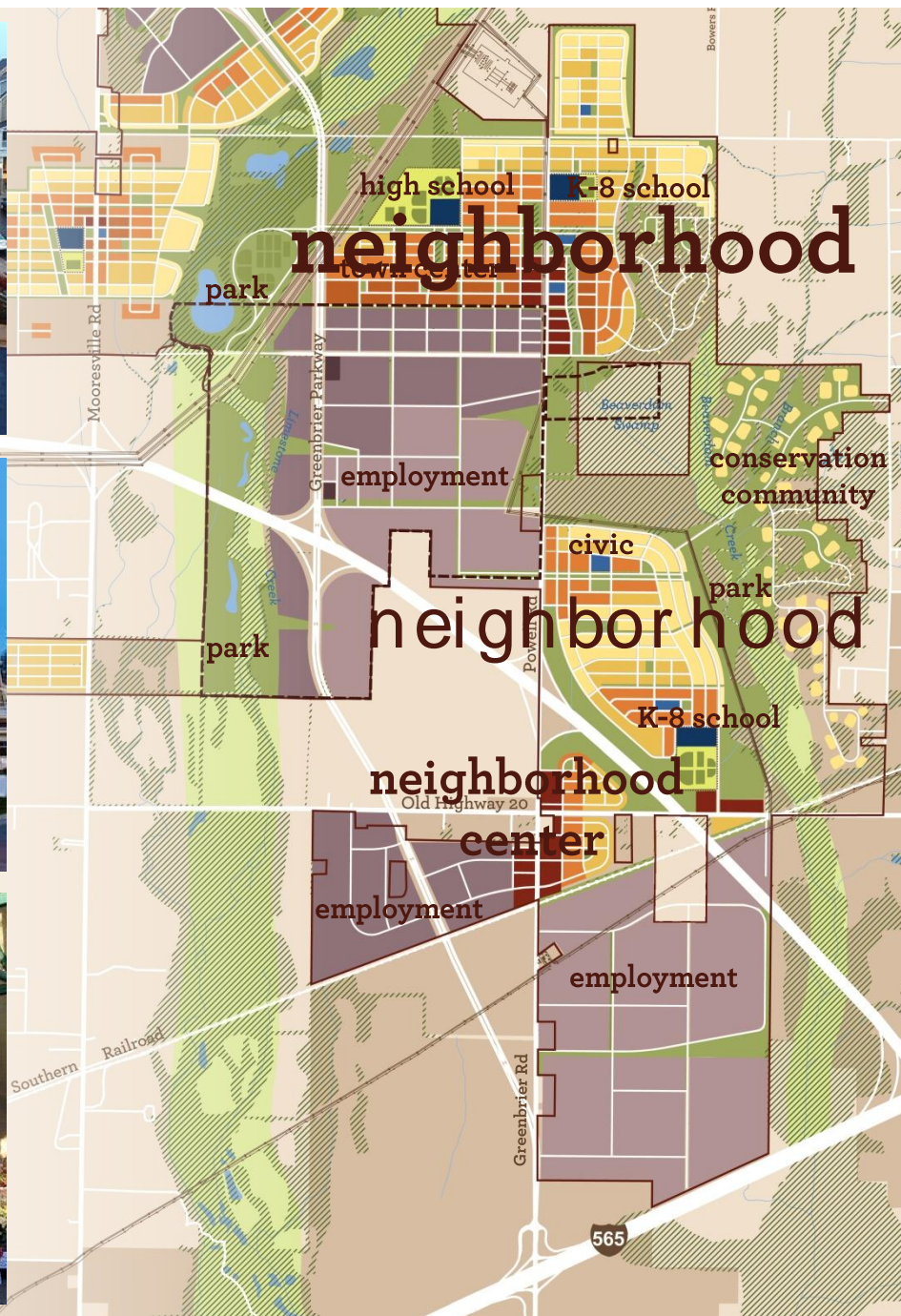
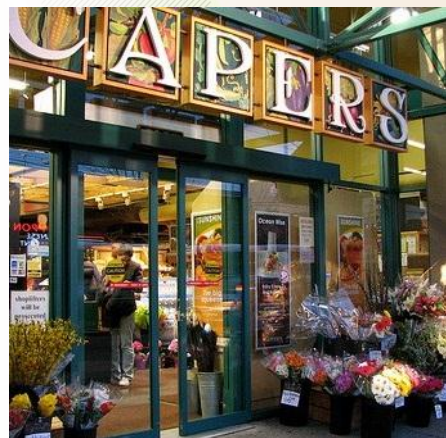


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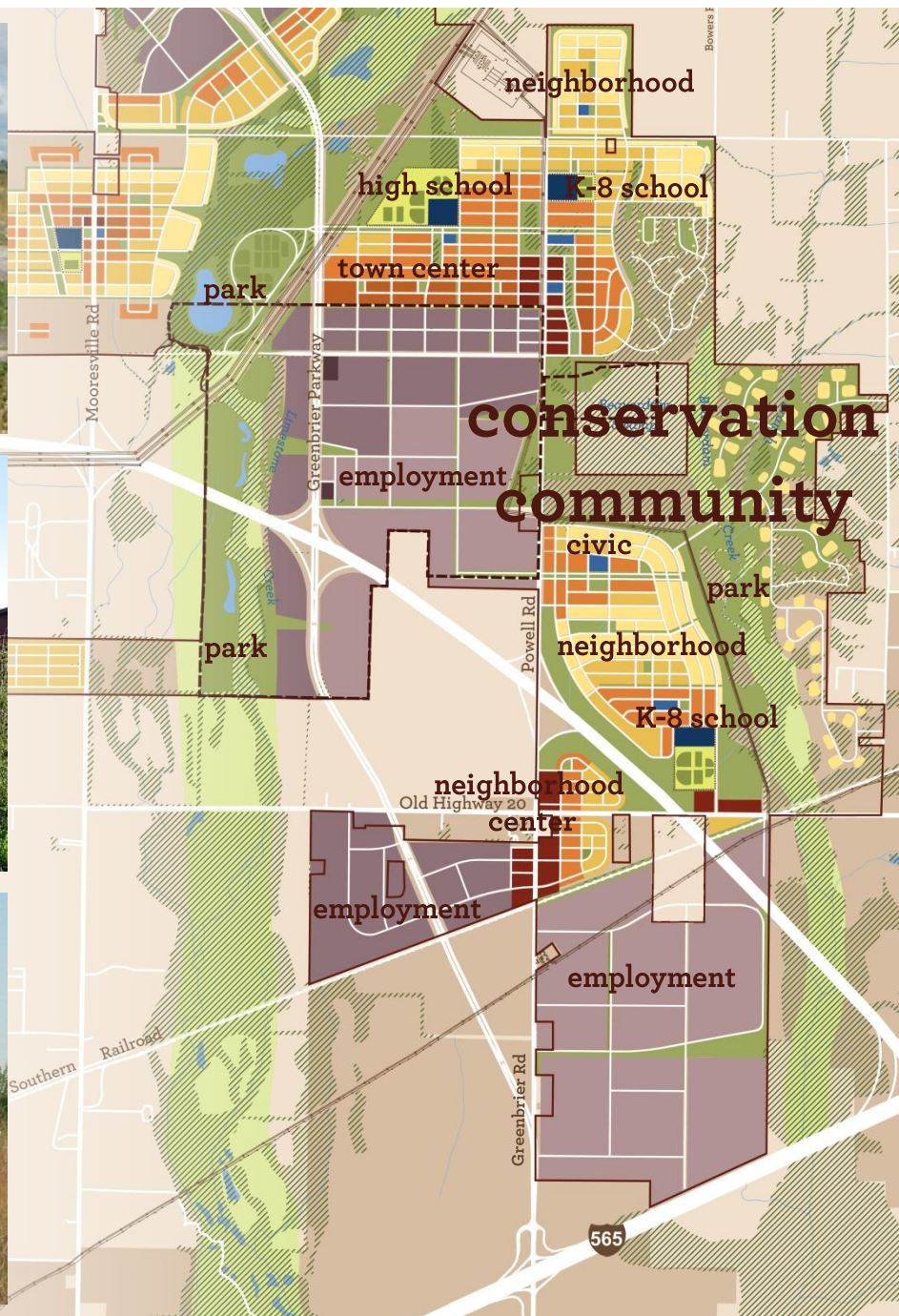


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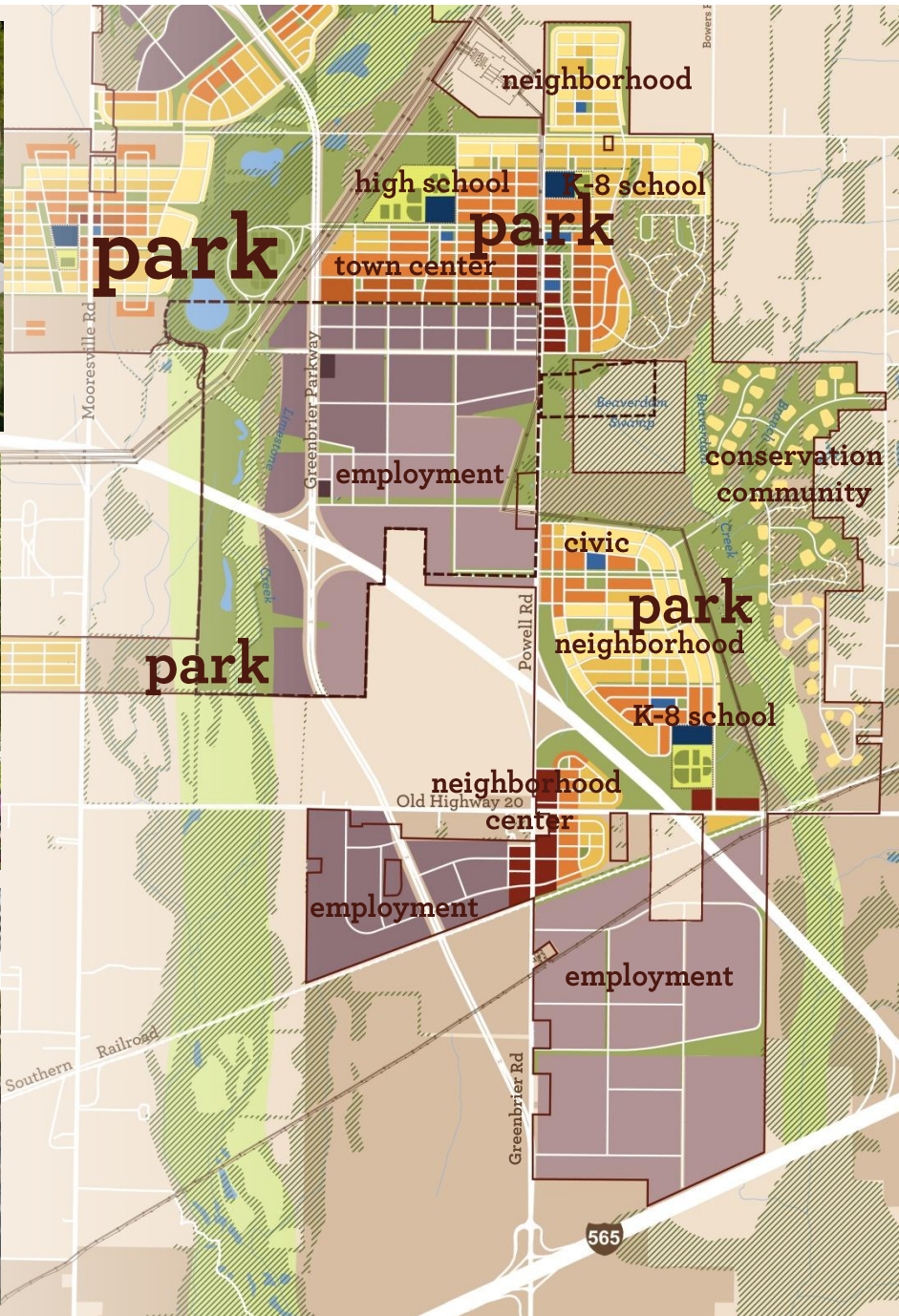


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- FLOODWAY ESTIMATION AREA

MASTER PLAN LAND USES

- SINGLE FAMILY LOW DENSITY
- SINGLE FAMILY MEDIUM DENSITY
- SINGLE FAMILY HIGH DENSITY
- MULTIFAMILY
- MIXED USE
- COMMERCIAL
- OFFICE, RESEARCH & DEVELOPMENT
- INDUSTRIAL
- CIVIC / INSTITUTIONAL
- K-8 SCHOOL / HIGH SCHOOL

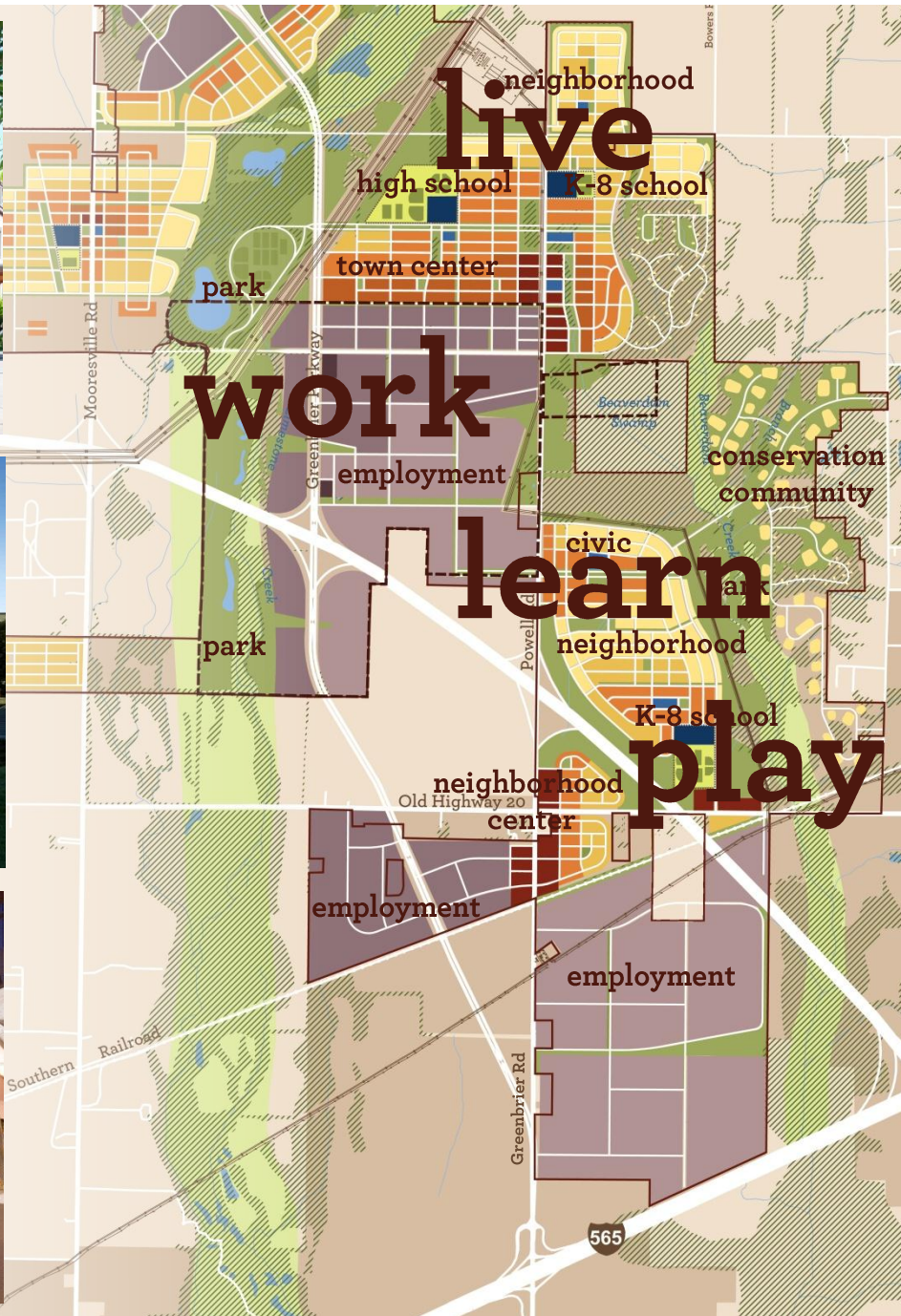
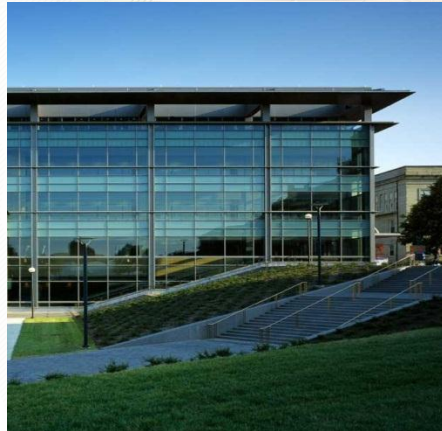


MASTER PLAN PHASE 1

- STUDY AREA
- OPTION TRACT
- EXISTING TREE COVER & WETLANDS
- FLOODWAY ESTIMATION AREA

MASTER PLAN LAND USES

- SINGLE FAMILY LOW DENSITY
- SINGLE FAMILY MEDIUM DENSITY
- SINGLE FAMILY HIGH DENSITY
- MULTIFAMILY
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- INDUSTRIAL
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AGENDA

CONTEXT

SITE ANALYSIS

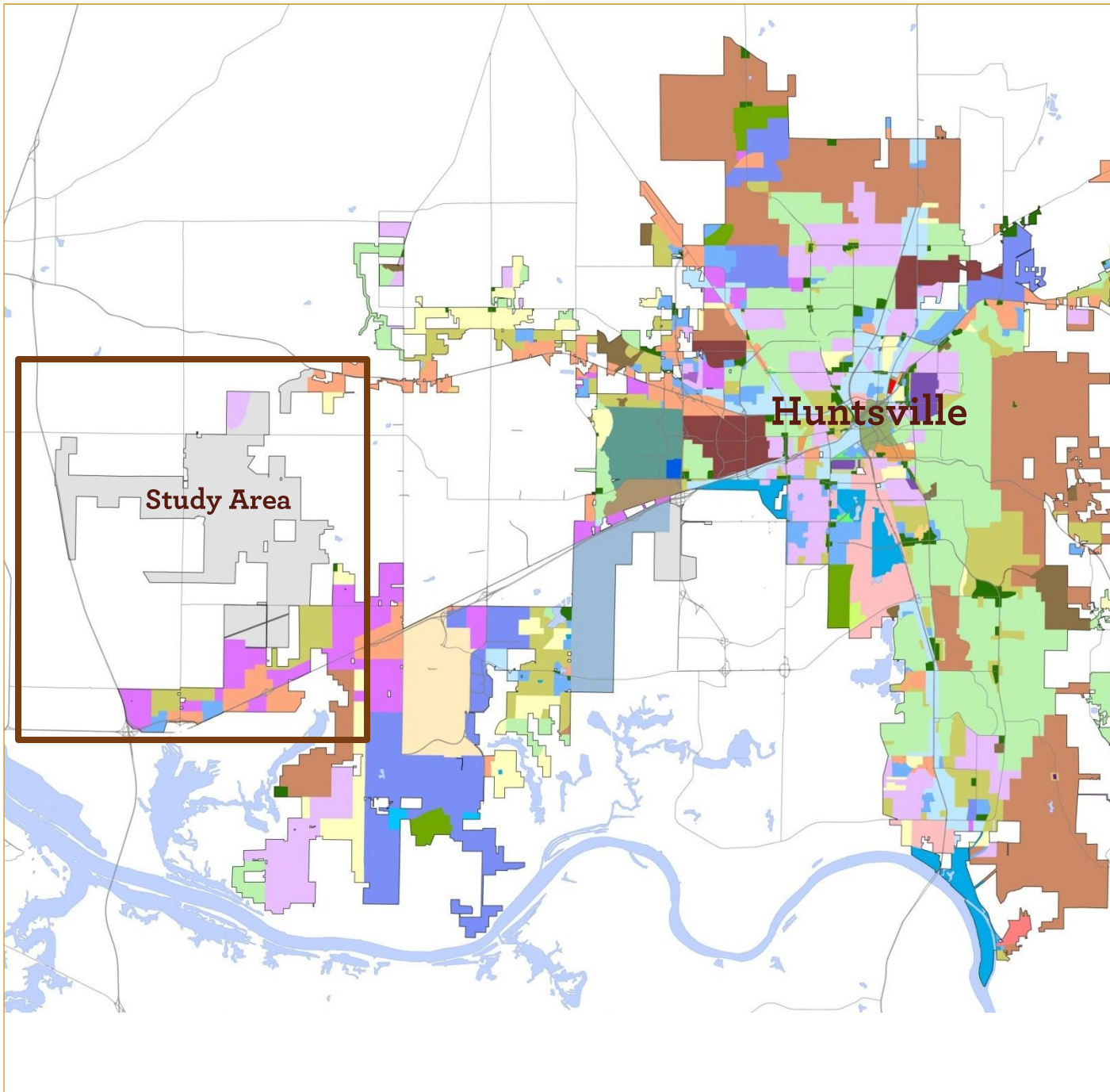
INFRASTRUCTURE & MOBILITY

MARKET & PROGRAM

MASTER PLAN

PROPOSED ZONING

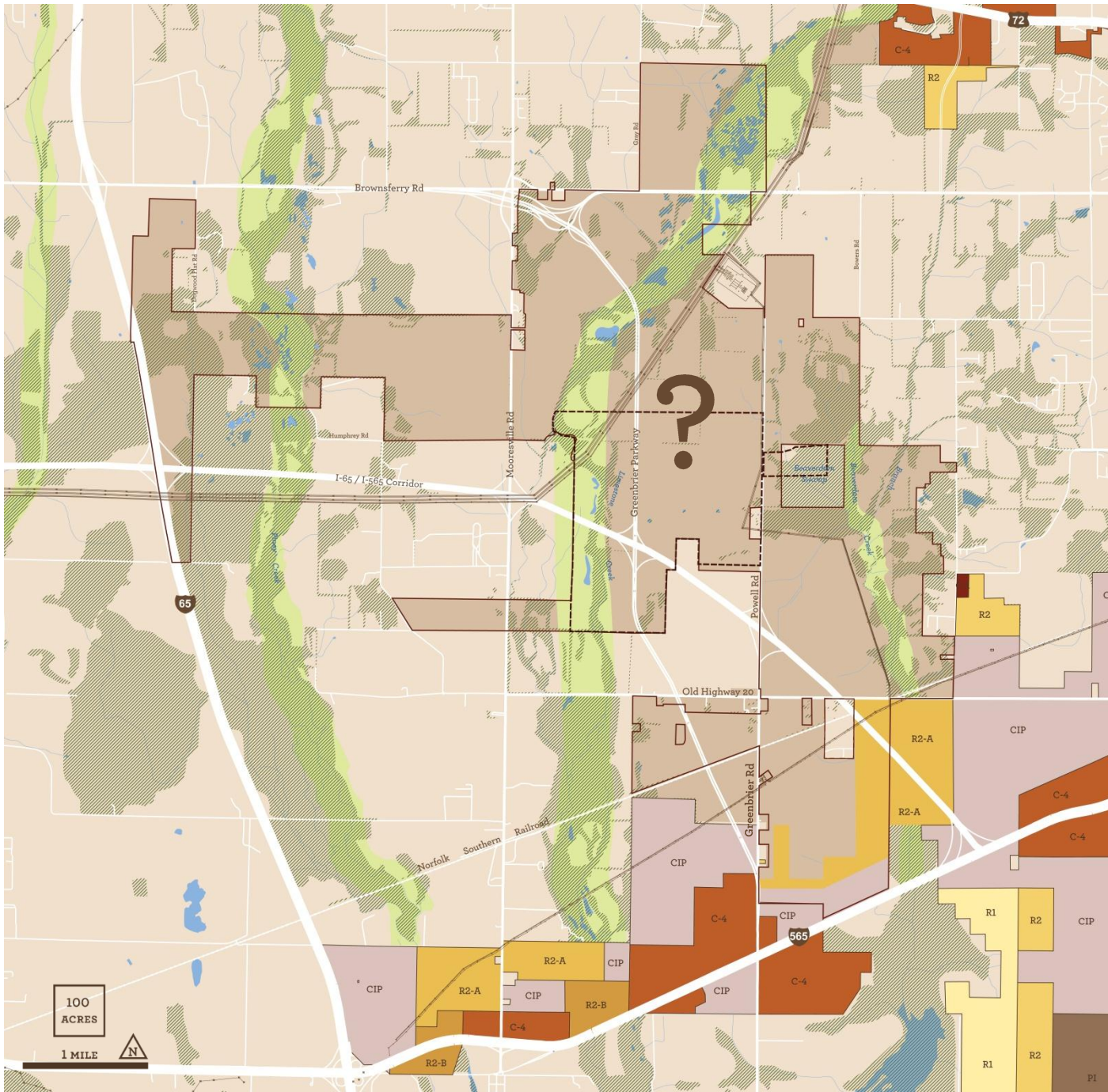
COMMUNITY IMPACTS



EXISTING CITY OF HUNTSVILLE ZONING

ZONING

AC
AIP
C1
C1A
C2
C3
C4
C5
CIP
DS
HI
HM
IP
LI
M
M2
O
PD
PDH
PI
R1
R1A
R1B
R1C
R2
R2A
R2B
R2C
RA
RO2
RP
RPA
RPC
RPW
UNKNOWN

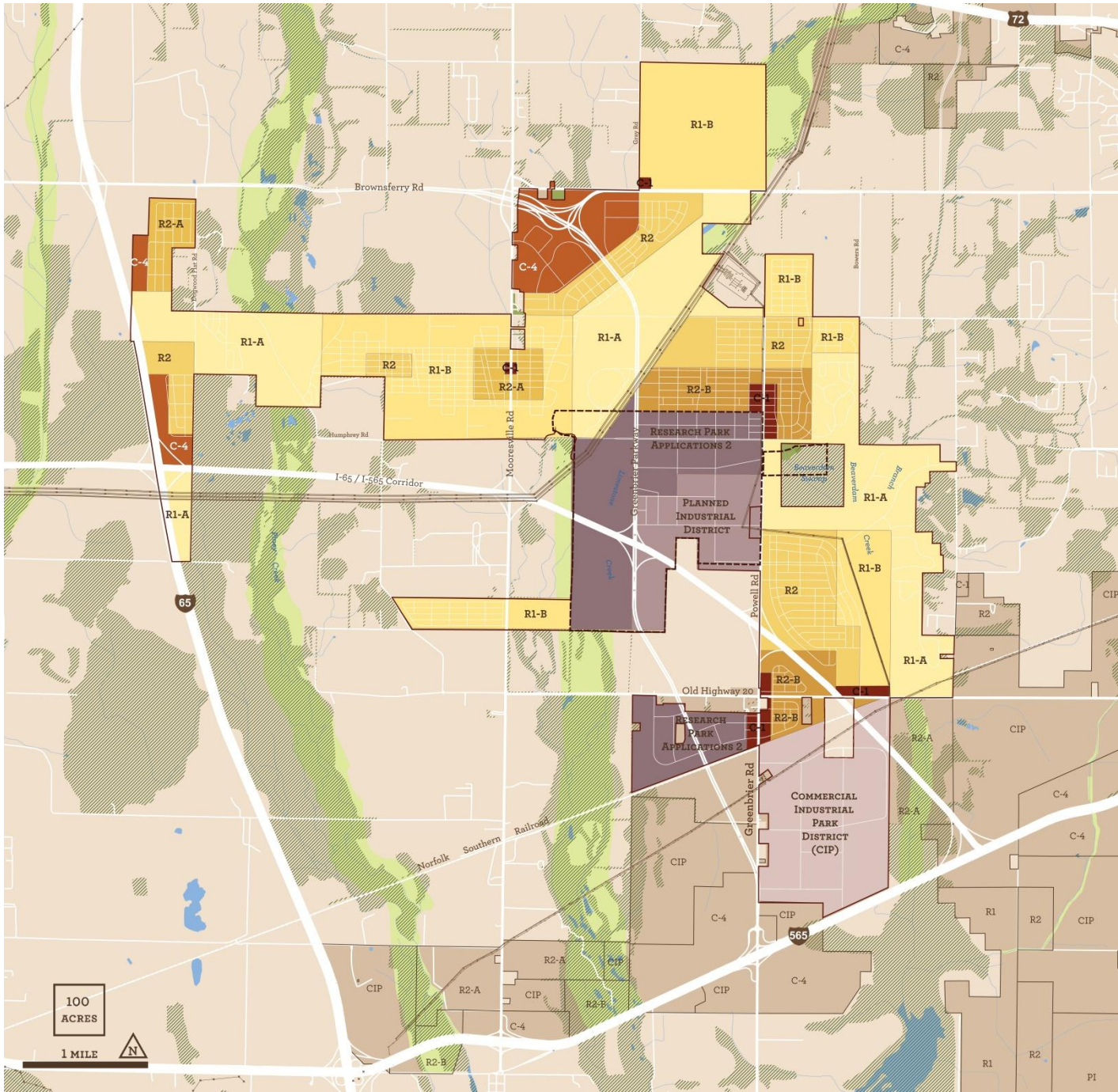


EXISTING ZONING

- STUDY AREA
- OPTION TRACT
- EXISTING TREE COVER & WETLANDS
- FLOODWAY ESTIMATION AREA

ZONING DISTRICTS

- RESIDENCE 1-A
- RESIDENCE 1-B
- RESIDENCE 2
- RESIDENCE 2-A
- RESIDENCE 2-B
- NEIGHBORHOOD BUSINESS C-1
- HIGHWAY BUSINESS C-4
- RESEARCH PARK APPLICATIONS 2
- PLANNED INDUSTRIAL
- COMMERCIAL INDUSTRIAL PARK



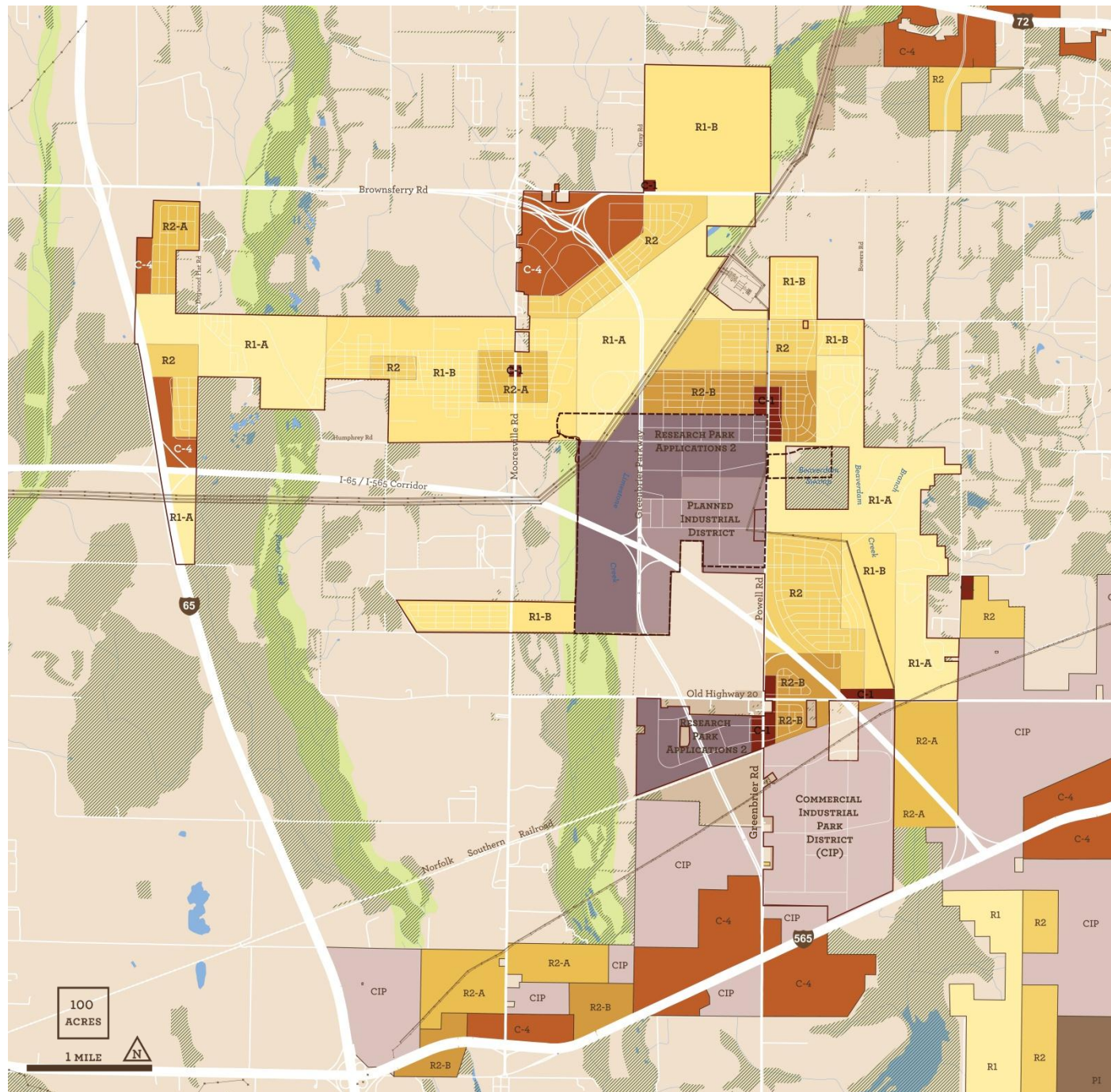
PROPOSED ZONING

- STUDY AREA
- OPTION TRACT
- EXISTING TREE COVER & WETLANDS
- FLOODWAY ESTIMATION AREA

ZONING DISTRICTS

- RESIDENCE 1-A
- RESIDENCE 1-B
- RESIDENCE 2
- RESIDENCE 2-A
- RESIDENCE 2-B
- NEIGHBORHOOD BUSINESS C-1
- HIGHWAY BUSINESS C-4
- RESEARCH PARK APPLICATIONS 2
- PLANNED INDUSTRIAL
- COMMERCIAL INDUSTRIAL PARK

PROPOSED & EXISTING ZONING



- STUDY AREA
- OPTION TRACT
- EXISTING TREE COVER & WETLANDS
- FLOODWAY ESTIMATION AREA

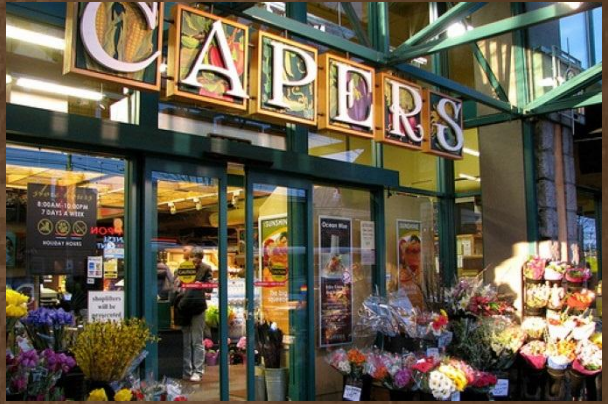
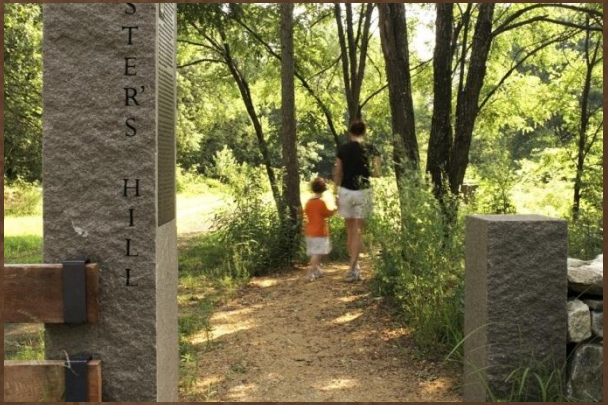
ZONING DISTRICTS

- RESIDENCE 1-A
- RESIDENCE 1-B
- RESIDENCE 2
- RESIDENCE 2-A
- RESIDENCE 2-B
- NEIGHBORHOOD BUSINESS C-1
- HIGHWAY BUSINESS C-4
- RESEARCH PARK APPLICATIONS 2
- PLANNED INDUSTRIAL
- COMMERCIAL INDUSTRIAL PARK



“a smart place to live, work, learn and play”

- Huntsville / Madison County Chamber of Commerce Publication (2011)



AGENDA

CONTEXT

SITE ANALYSIS

INFRASTRUCTURE & MOBILITY

MARKET & PROGRAM

MASTER PLAN

PROPOSED ZONING

COMMUNITY IMPACTS

Fiscal & Economic Impact Analysis of Future Supportable Development at Newly Annexed Parcels in Limestone County

Gregg Logan, Managing Director
RCLCO

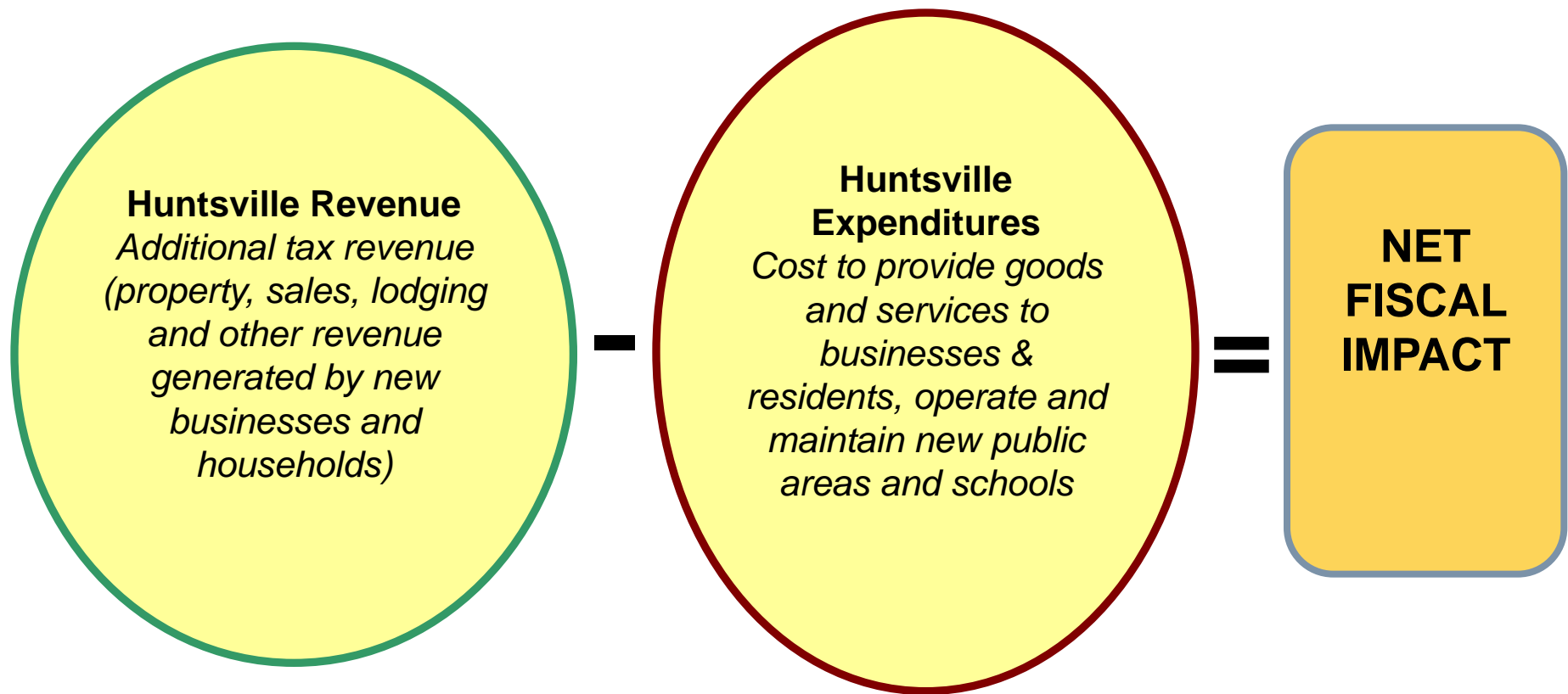
PREPARED FOR THE CITY OF HUNTSVILLE | JULY 2011

FISCAL AND ECONOMIC IMPACT ANALYSIS

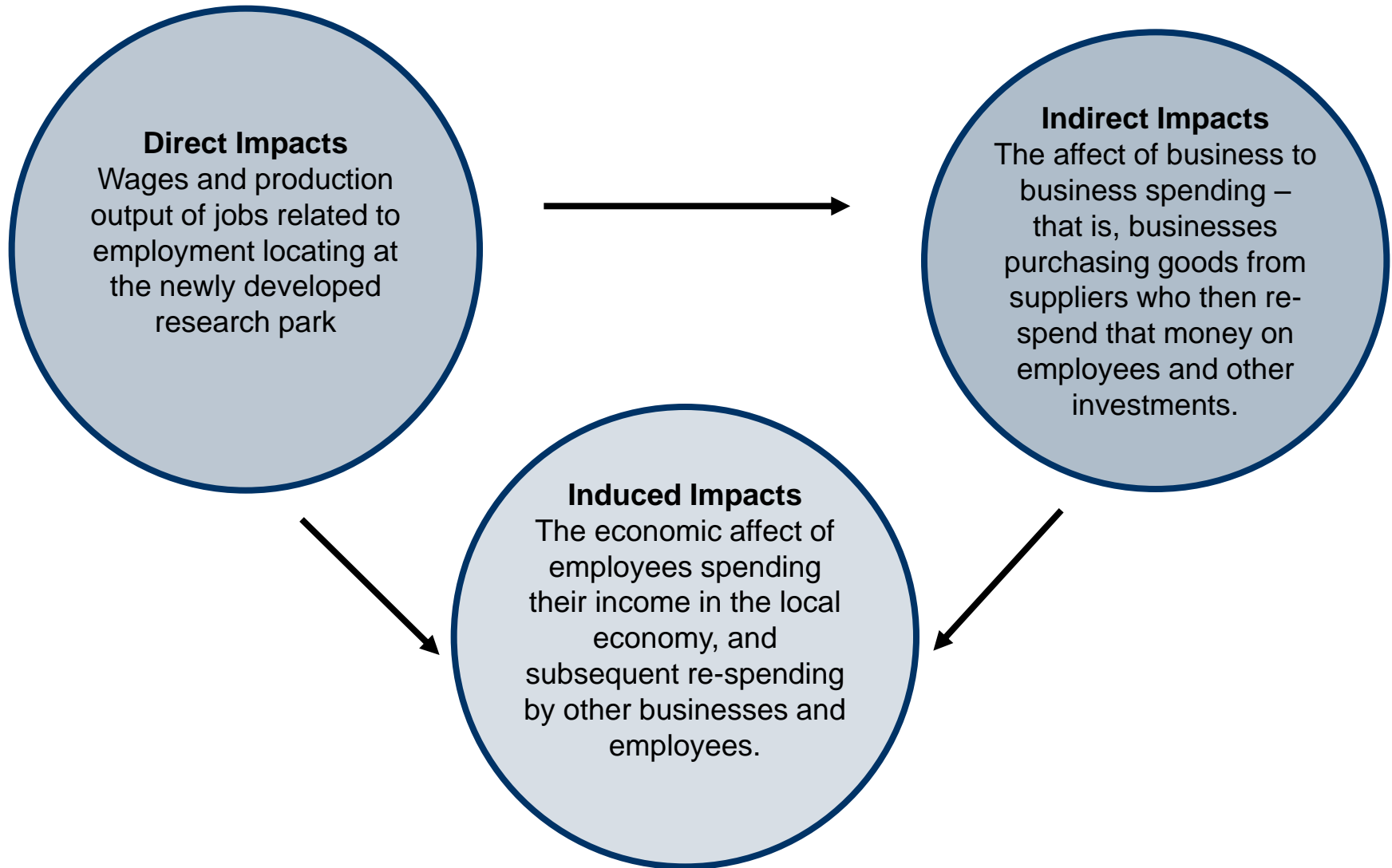
SCENARIOS

- ▶ The City of Huntsville recently annexed nearly 10,000 acres of undeveloped land that is currently located in Limestone County.
 - The City plans to develop a portion of the acreage as a mixed-use research park uses in order to meet ongoing economic development goals.
 - **The following analysis was performed to quantify the fiscal and economic impact of this large scale land use and economic development project.**
- ▶ RCLCO has generated **three different development scenarios** that vary based on the level of infrastructure investment that may occur at the research park as well as the mix of target uses:
 - **Scenario 1** assumes improvements to the Greenbrier Parkway (North/South Connector) as well as the construction of the I-65 to I-565 Connection (portion of proposed Atlanta-to-Memphis Hwy) which would allow for wider mix of uses including a higher quantity of professional office.
 - *NOTE: The land use program under Scenario 1 is **not** supportable without the construction of the Highway connection.*
 - **Scenario 2** assumes improvements are made to Greenbrier Parkway but does not assume construction of or rely on the Highway connection
 - **Scenario 3** assumes the same road improvements as Scenario 2 (does not rely on Atlanta-to-Memphis Highway), but in this Scenario the majority of the industrial acreage would be used by a single 'mega-user' (for example an auto manufacturer) and its suppliers

NET FISCAL IMPACT THE CITY OF HUNTSVILLE: NEW REVENUE GENERATED LESS EXPENDITURES NECESSARY TO SUPPORT NEW DEVELOPMENT



RELATIONSHIP OF DIRECT, INDIRECT & INDUCED ECONOMIC IMPACTS



SUMMARY OF LAND USES BY SCENARIO

20 Year Program (2011-2031)

Land Use Type	Scenario 1	Scenario 2	Scenario 3
For-sale Residential (Units)	1,230	870	870
Rental Residential (Units)	0	0	0
Office (SF)	748,950	0	0
Industrial (SF)	1,800,000	2,400,000	2,650,000
Retail (SF)	160,000	0	0
Hotel (Rooms)	100	0	0

55 Year Program (2011-2066)

Land Use Type	Scenario 1	Scenario 2	Scenario 3
For-sale Residential (Units)	7,348	4,860	4,563
Rental Residential (Units)	4,470	750	500
Office (SF)	8,540,275	695,000	680,000
Industrial (SF)	1,800,000	6,860,700	7,140,935
Retail (SF)	805,000	450,000	200,000
Hotel (Rooms)	1,620	560	180

- **Scenario 1** offers a diverse mix of commercial uses, with a large cluster of professional office and a much smaller industrial footprint. The support for the 8.5 million square feet of professional office and 4,400 multifamily units is made possible by the construction of the I-65 to I-565 highway connection.
- **Scenario 2** offers a diversity of commercial uses but with a strong emphasis on industrial users. The character of this scenario is very different from Scenario 1 and with a limited offering of high density commercial and residential uses
- **Scenario 3** is similar to Scenario 2 in character but the residential users are focused around the inclusion of a mega-user such as a large automotive manufacturing facility.

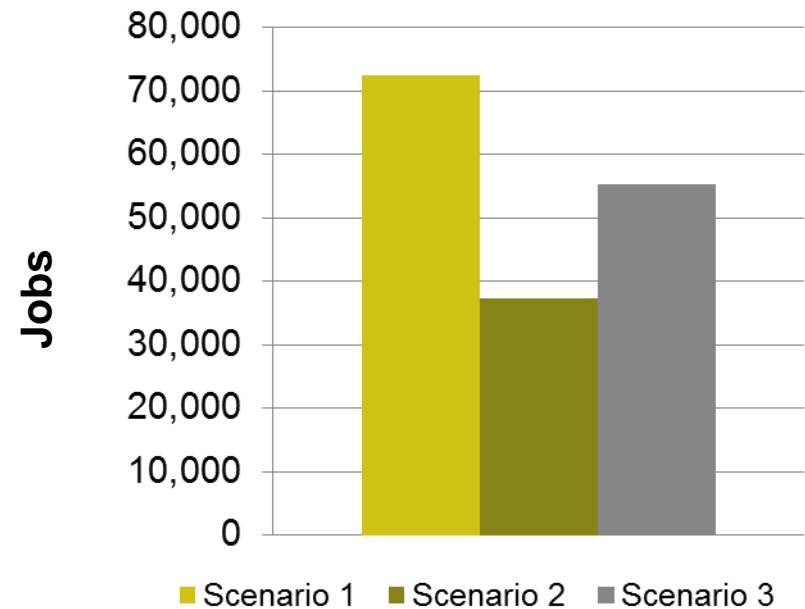
THE 'END STATE'

ALL THREE SCENARIOS GENERATE SIGNIFICANT POSITIVE ECONOMIC IMPACTS

TOTAL ANNUAL ECONOMIC IMPACT ¹



TOTAL JOBS CREATED ²



1 Reflects the economic impact to the state of Alabama when project buildout is complete

2 Employment figures include direct (on-site) employment and spin-off jobs

THE 'END STATE'

DEVELOPMENT OF ANNEXED LAND CREATES POSITIVE BENEFITS FOR CITY OF HUNTSVILLE

▶ **Job Growth**

- All three scenarios create significant job growth for the City of Huntsville with on-site employment estimates between 21,000 and 41,000 depending on scenario

▶ **Household Growth**

- All three scenarios create significant household growth for the City of Huntsville with new household growth estimates ranging between 5,000 and 12,000 depending on scenario

▶ **Growth of Tax Base**

- All three scenarios create positive net impacts to the City's tax base after accounting for the cost of land, infrastructure development, and the provision of city services.

▶ **Additional Benefits**

- Allows the City to take a 'proactive' approach to land use and economic development by encouraging the types of land uses that will positively benefit the City and create jobs over the next several decades
- Furthers the City reputation as a national destination for high tech manufacturing and research companies

SCENARIO 1: SUMMARY OF IMPACTS

► Key Takeaways

- Scenario 1 represents by far the greatest fiscal impact of the three scenarios. The difference is due to the large quantity of professional office, multifamily rental, retail, and hotel within the Scenario 1 program.
- Scenario 1 ranks second in terms of total economic impact
- The quantity of commercial uses in the Scenario 1 land plan would not be supportable without the construction of the Atlanta-To-Memphis Highway connection.

► Fiscal Impact

- Positive net fiscal impact
- With financing the total net positive impact is \$936 million

► Economic Impact

- Total employment of 72,485 (including direct and spin-off employment) by year 55.
- Total annual impact to the state of Alabama of \$10.5 billion by year 55

SCENARIO 2: SUMMARY OF IMPACTS

► Key Takeaways

- Scenario 2 ranks second in terms of fiscal impact and third in terms of economic impact
- This scenario has a slightly larger quantity of residential, office, retail, and hotel uses compared to Scenario 3, which accounts for its greater fiscal impact.
- This scenario has a lower economic impact than Scenario 3 because the types of employment associated with the Mega-User in Scenario 3, such as auto manufacturing, have a stronger multiplier effect and create more 'ripple-effect' spending in the local economy than the average job associated with Scenario 2.

► Fiscal Impact

- Positive net fiscal impact
- With financing the total net positive impact is \$196 million

► Economic Impact

- Total employment of 37,371 (including direct and spin-off employment) by year 55.
- Total annual impact to the state of Alabama of \$5.4 billion by year 55

SCENARIO 3: SUMMARY OF IMPACTS

▶ Key Takeaways

- Scenario 3 ranks third in terms of fiscal impact and first in terms of economic impact
- This scenario has the lowest quantity of non-industrial commercial uses, which accounts for its limited fiscal impact.
- This scenario has the greatest economic impact because the types of employment associated with the Mega-User, such as auto manufacturing, have the strongest multiplier effect and create the most 'ripple-effect' spending in the local economy.

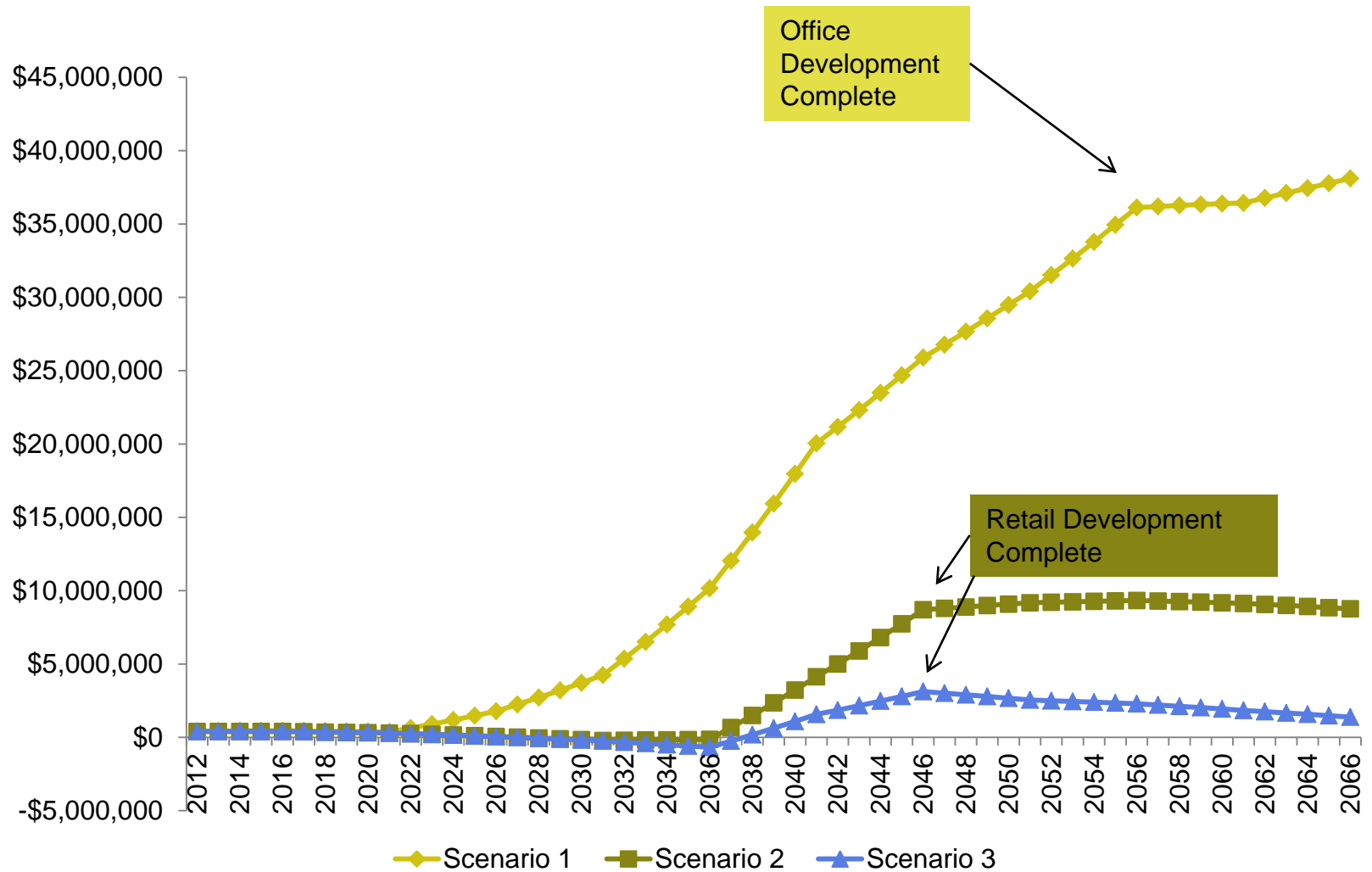
▶ Fiscal Impact

- Positive fiscal impact
- With financing the total net positive impact is \$9 million

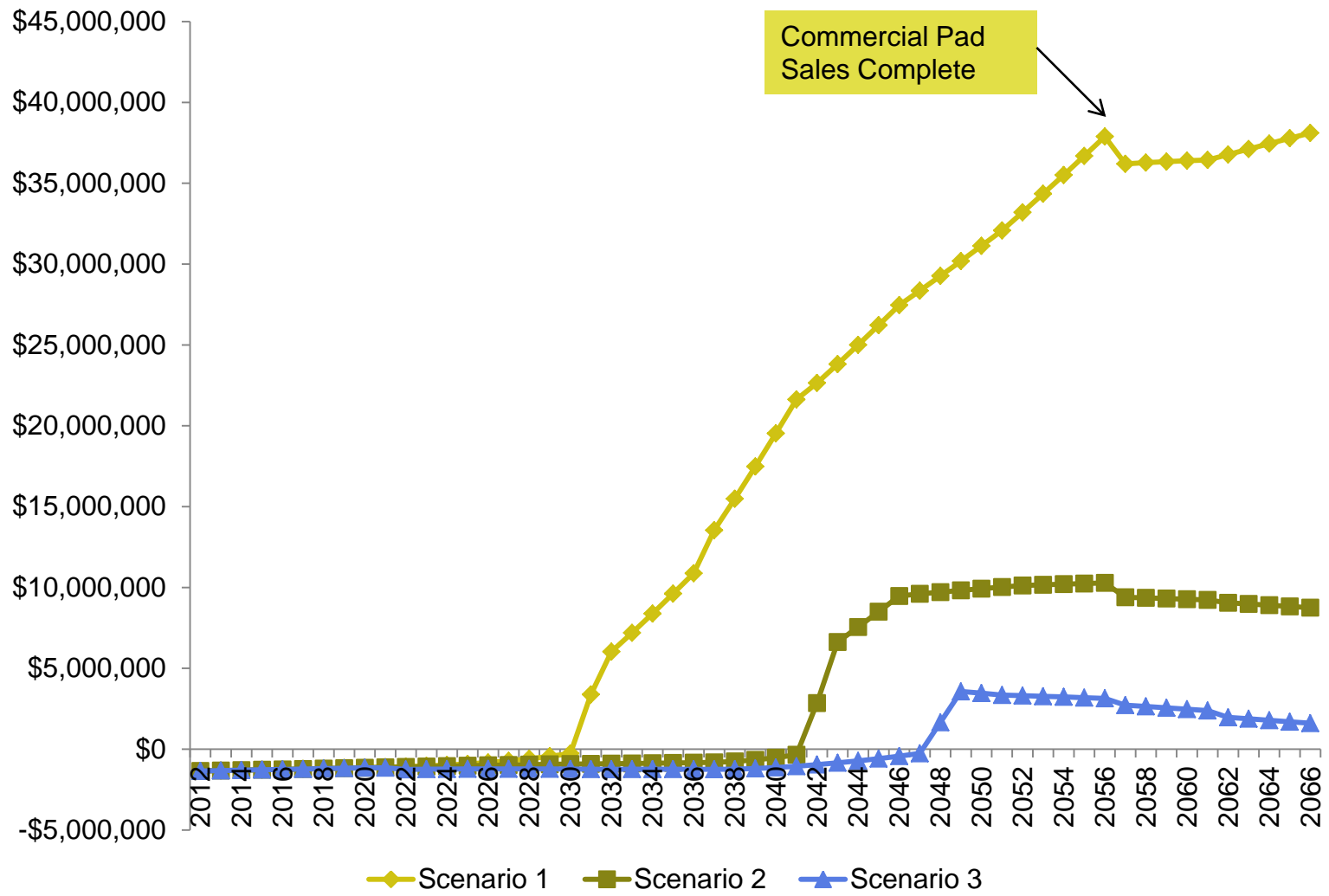
▶ Economic Impact

- Total employment of 55,344 (including direct and spin-off employment) by year 55.
- Total annual impact to the state of Alabama of \$14.0 billion by year 55

SUMMARY OF 55 YEAR FISCAL IMPACT – TAX IMPLICATIONS ONLY



SUMMARY OF 55 YEAR FISCAL IMPACT – INCLUDING ACQUISITION AND DEVELOPMENT COSTS





BACKGROUND INFORMATION

SUMMARY OF MAJOR REVENUE CATEGORIES & ASSUMPTIONS

▶ **Property Tax:**

- Estimated revenues flowing to the City using the applicable millage rate multiplied by the assessed value. Rates used are:
 - City millage rate of .0130
 - School millage rate of .022
- 'Assessed value' is equal to 10% of the 'appraised value' for residential and undeveloped land and 20% for commercial properties

▶ **Sales Tax:**

- Estimated the average sales tax generated by existing and new retail uses within the subject area. Sales tax revenues flowing to the city are based on a sales tax rate of 3.5%.
- Estimates current average sales per square foot to be \$320 based on average rents of \$18-\$19 per square and assumption that rent values are 6% of retail sales revenue.

▶ **Lodging Tax**

- Revenue generated from tax on occupied hotel rooms
- Tax of 6% for the City of Huntsville
- Additional Tax of \$1 per occupied room night

▶ **Miscellaneous Revenues and Taxes**

- Allocated on a per-resident basis other miscellaneous taxes and fees, gasoline taxes, fines and forfeitures licenses and permits, and other charges for services.

SUMMARY OF EXPENDITURES & OTHER KEY ASSUMPTIONS

- ▶ Expenditures within the City, such as expenditures for police, fire, libraries, health, etc, are allocated on a per-resident and per-employee basis.
- ▶ All costs and revenues were escalated by an annual rate of 2.5%. These figures are based on expected CPI rates.
- ▶ The model assumes a student generation rate of 0.49 students per household (City of Huntsville). The model assumes that the city portion of school operating costs is equal to \$2,663 per student (Huntsville School Budget)
- ▶ The model assumes 2.31 people per household for owner-occupied units and 1.98 people per household for renter-occupied units (US Census)
- ▶ The \$24.95 million for road improvements (\$18 million for roads, \$5 million for debt payments) along Greenbrier Parkway, as well as costs for building new schools, are part of the City of Huntsville Capital Projects Fund and as such are allocated across all of Huntsville on a per person and per employee basis

ACQUISITION AND DEVELOPMENT OF THE OPTION TRACT

- ▶ The fiscal impact model assumes that the City will develop the Option Tract in a similar fashion to Cummings Research Park, i.e. the City will purchase the land and provide infrastructure (roads, curbs, utilities, telecommunication, drainage) in order to sell 'pad-ready' parcels (minimum of 2- to 4-acres) to end-users.
- ▶ Assumes the City purchase the 1,500 acres for a total of \$30 million (\$20,000 per acre) . The City would finance the purchase of the property through a General Obligation Bond.
- ▶ Costs associated the provision of infrastructure to make the site 'pad-ready' are assumed to be \$30,000 per acre (Industrial Development Board).
- ▶ Assumes the City sells pads to commercial users at \$70,000 per-acre for office users, \$50,000 per-acre for industrial users and \$25,000 per-acre for 'mega-users' (large users requiring 200+ acres such as an automotive manufacturer). These figures are based on comparable commercial properties as well as what was achieved at Cummings Research Park.

ECONOMIC IMPACT ANALYSIS

BACKGROUND AND METHODOLOGY

- ▶ The economic impact generated as a result of the project will fall into two categories:
 1. One-Time Impacts: As a result of road improvements at Greenbrier Parkway
 2. On-going Annual Impacts : As a result of the employment located at the newly developed research park
- ▶ The economic impact analysis uses proprietary software from the IMPLAN Group of Minnesota to estimate the full economic impact of the project. The IMPLAN software is a nationally recognized tool that utilizes input-output analysis, in combination with regionally specific social accounting matrices and multiplier models, to measure the effect on a local economy of a given event or change in a the economy's activity.
- ▶ All figures displayed represent impacts to the state of Alabama.

TYPES OF ECONOMIC IMPACTS ANALYZED: DIRECT, INDIRECT, AND INDUCED

▶ **Direct Impacts**

- Includes the following factors:
 - Number of jobs created
 - Employment wages
 - Direct business sales/gross revenues

▶ **Indirect Impacts**

- Created by investment or spending by suppliers whose goods and services are used by direct employers
- Includes the following factors:
 - Number of “spinoff” jobs created locally
 - Employment wages of “spinoff” jobs
 - Indirect business sales/gross revenues

▶ **Induced Impacts**

- Results from household income changes (direct or indirect effects on wages and employment) lead to a further effect on consumer spending throughout “local” economies.

CRITICAL ASSUMPTIONS

ECONOMIC OVERVIEW

It is our view that the recent negative sentiments about the U.S. economy are driven by temporary, short term events (weather, energy prices, natural disasters), rather than by fundamental issues. These events are serving to slow the rate of the recovery, but are not expected to reverse the course from recovery to a second recession. The U.S. economy should continue to grow at a modest pace, picking up momentum in the second half of 2011, and improving further into 2012 and 2013.

The housing market and the Federal Government stimulus programs were expected to help pull the American economy out of the recession. However, the persistent weakness of the housing sector, traditionally a leading sector of past recoveries, is one of the factors delaying the recovery of the U.S. economy. With the housing sector continuing to slug through the foreclosure overhang for the next two to three years, house prices will remain relatively flat and new home construction activity will remain below levels experienced during past recoveries.

In addition to the weak housing sector and the limited role the Federal Government will likely play in inducing the economic recovery, the deleveraging of U.S. personal and corporate balance sheets is diverting money to savings and away from economically stimulative consumption and investment activities. A string of unforeseen temporary events such as bad weather, natural disasters in Japan and in the U.S. and high energy prices driven by a speculative fervor, are not helping the economy gather the much needed steam.

There is much reason for optimism, in spite of the current relatively gloomy conditions. In our view, odds are that the U.S. economy will not slip into a double dip recession.

CRITICAL ASSUMPTIONS

We expect that economic growth will perk up in the second half of 2011 as the main causes of the recent slowdown – high oil prices and manufacturing delays because of the tsunami in Japan and other natural disasters in the U.S. – have started to fade. Indeed, production capacity is expanding to catch up with the demand that pent up while supply-chain interruptions from Japan slowed economic activity, falling gas prices free up more of households budget for consumption of other goods and services, and the reconstruction of the flood damaged areas in the South and the Midwest cause significant and unexpected boost to the construction industry.

The momentum that began to gather since the recession technically ended is likely to accelerate. American households have been feeling increasingly more comfortable with their personal balance sheets for the last year or more, and the resulting increase in personal consumption has already triggered significant corporate investment and increased production, both reflected in the continued run up of the equities markets, where investors see fundamental growth. Until now this increase in demand has been mostly accommodated by improved productivity rather than expansion of the workforce, but all evidence is that we are nearing a tipping point, and that far more substantial hiring will be needed to serve this growing demand for goods and services. With corporate and bank balance sheets loaded with cash ready to be deployed the level of investment and hiring will eventually move up much more quickly, there is no reason to expect anything but improving economic conditions for the remainder of 2011 and beyond.

Indeed, private sector job growth is already gathering steam, as more and more sectors of the economy complete their restructuring, shed inefficiencies and redeploy slack capacity productively, ultimately leading to net new jobs and net new investment at accelerating rates.

CRITICAL ASSUMPTIONS

There is structural demand for real estate of all types in the U.S., albeit in select markets and for select property types. There is also evidence of pent-up demand for some types of development, particularly multifamily rental apartments. Further, after almost five years of little new home construction activity, demand for new housing is accumulating, creating what will ultimately present itself as pent up demand for new homes, as homebuyers seek the “new new thing” and the latest in design and features.

A trend to watch is the introduction of GenY into the economy. Some 4 million members of this generation turn 25 each year, playing an increasing role in the economy as workers and as consumers. The most profound impact is in the housing market, where already GenY is fueling occupancy levels and pushing rents up in the multifamily rental sector. As the recession abates and more GenYers find gainful employment, their impact on the housing market will grow even further, first as renters and then as homeowners as they enter their 30s.

As employers begin to hire less cautiously and consumers and businesses alike stop deferring large expenditures, the recovery in demand for real estate will transition from its current “lumpy” state, and property operating fundamentals will continue to improve. Indeed, there is a fair amount of excess inventory of commercial space and partially if not fully developed land that need to be absorbed before large scale new development activity will be justified. As such, the level of new construction activity will likely remain low for the next several years, picking up gradually at times and rates that will range widely from market to market, and from sector to sector.

As long as the U.S. economy continues on the course discussed above, the currently anemic yet relatively stable fundamental supply and demand conditions should improve over the next several years as the economy picks up and the excess inventory is absorbed over time.

CRITICAL ASSUMPTIONS

For all the reasons outlined , we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, the project and investment economics should be “stress tested” to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause failure.

In addition, we assume that once the current cycle is over, the following will occur in accordance with current expectations:

- Economic, employment, and household growth.
- Other forecasts of trends and demographic and economic patterns, including consumer confidence levels.
- The cost of development and construction.
- Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth).
- The availability and cost of capital and mortgage financing for real estate developers, owners and buyers, at levels present in the market before the most recent run up (i.e., early 2000s levels).
- Competitive projects will be developed as planned (active and future) and that a reasonable stream of supply offerings will satisfy real estate demand.
- Major public works projects occur and are completed as planned.

Should any of the above change, this analysis should probably be updated, with the conclusions reviewed accordingly (and possibly revised).

GENERAL LIMITING CONDITIONS

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.